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This Month's Cover **BRIDGEPORT**

The city of Bridgeport, Conn., had a haphazard beginning and in later years a planned expansion. It was originally settled sometime between 1639 and 1665. According to one flight of memory, whenever the families of first-settlers Gregory and Summers saw an Indian, they ran in great terror and hid in their log huts. . . . During the Revolutionary War, Bridgeport men served in Arnold's army that invaded Canada; and sailed the privateers which peppered the ocean for English commerce. . . . In 1836 Bridgeport was incorporated as a city. A year later the view on this month's front cover, Bridgeport from the East, was engraved by a devoted Connecticut historian, J. W. Barber. Just before the Civil War, people had great hopes for the city's whale fisheries; then Phineas T. Barnum and the "sewing machine kings," Elias Howe, Jr., and Nathaniel Wheeler, undertook the shaping of Bridgeport's destiny. They made it purposefully a manufacturing city, gave it an impetus and direction which continue. . . . Today the city is the third largest in Connecticut, with a population estimated at 149,700, upon whom advertising and selling campaigns are often tested. It has led the country in the fabrication of corsets, although today its mainstays include electrical apparatus and metal products. It produces more than 15,000 kinds of articles: baked goods, clothing, brass and bronze goods, heating apparatus, silver plate, machine tools—butter knives and riot guns. With .3 per cent of the nation's manufacturing establishments, it employs .6 per cent of its wage earners, 361 plants turning out goods valued at \$178,066,579.

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HARRIS & EWING

DUN'S REVIEW
for
AUGUST, 1940



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*Formerly Administrator, Wage and Hour Division,
United States Department of Labor*

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Economist, DUN & BRADSTREET, INC.

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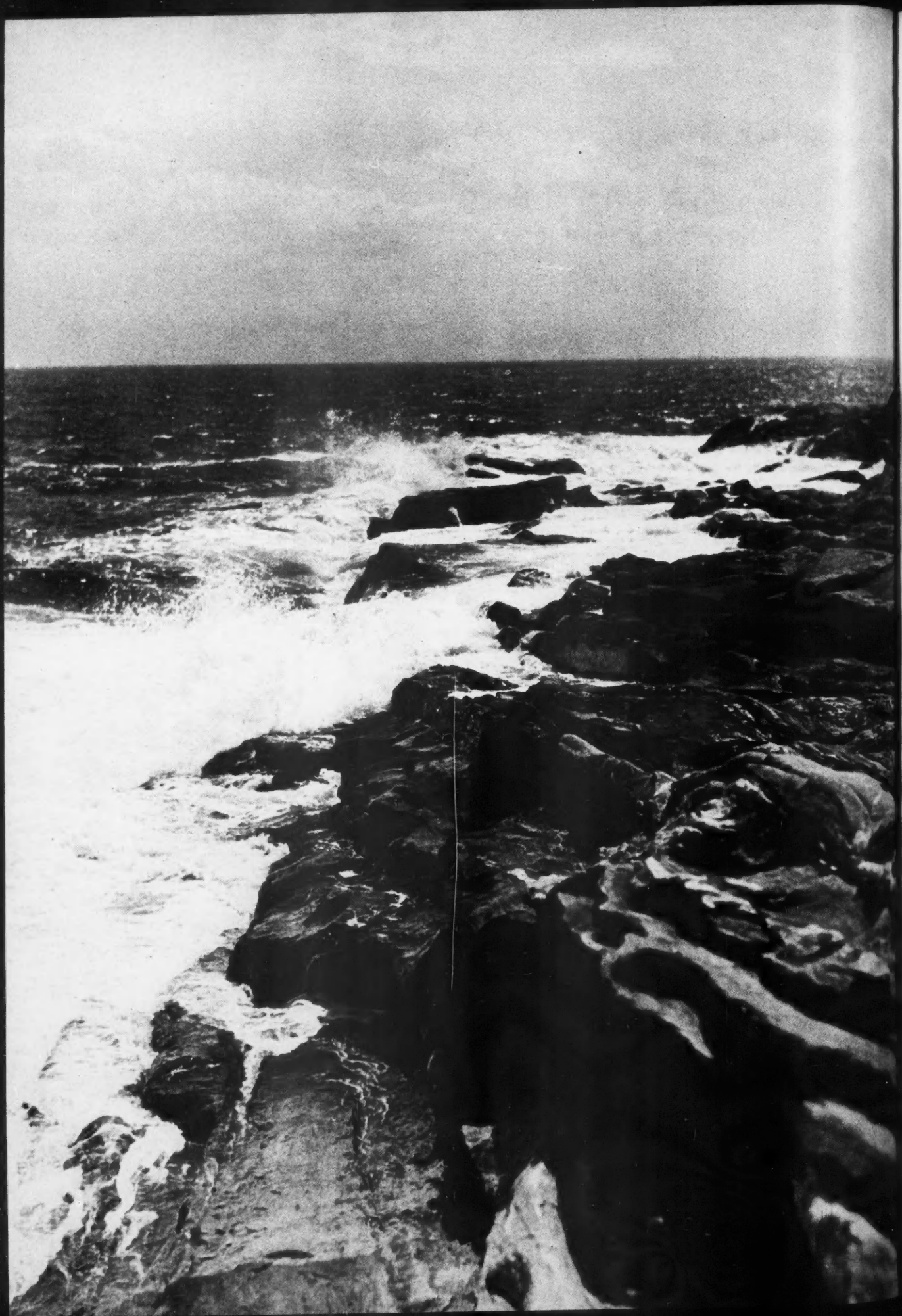
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MEISEL, FROM MONKMEYER

NATIONAL DEFENSE *and* FEDERAL LABOR LAWS

ELMER F. ANDREWS

*Formerly Administrator, Wage and Hour Division,
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PREPARING for our nation's defense, we Americans confront our biggest industrial task. Never before has our national industrial plant been asked to turn out, quickly, so huge a volume of specialized production.

It follows that never before has American industrial management been called upon to concern itself so seriously and so realistically with problems of employee relations.

In its gloomier moments, management asks: In this crisis, shall we be handicapped by labor unrest? The answer to that question lies in the answer to a question far broader: In what frame of mind, by what pattern of internal policy, can industry insure not merely a minimum of internal friction, but also—and far more important right now—a maximum of productive efficiency?

The best answer which management can make to

Here a former administrator of State and Federal labor legislation considers the rôle which such laws may play in preventing labor unrest amid the pressures of a program for national defense. This is one of a series of articles on subjects of importance to business, in which are presented the opinions of men whose backgrounds and experience have resulted in decided, and often conflicting, points of view.

that broader question may be compressed into a single word: unselfishness. Or, if that seems visionary, in the two words: enlightened selfishness.

Employers and employees, we're all human;

and each of us, very possibly, has asked himself: "What will all this do to *me*?" Yet, even as thus we try to peer into the future, we seek, not the promise of individual, financial benefit, but rather some reason to believe that out of a world catastrophe will come some benefit to our social and economic system—some benefit that we, as individuals, can share.

And how, in our defense program, can management make its unselfishness manifest? Partly, at least, the answer is this: If management *must* groan under existing labor legislation, let management groan as inaudibly as possible; and let management refrain from any effort summarily to toss that legislation overboard.

On the purely practical side, one sure way for industry to create the conditions that lead to unrest would be to push immediately for the repeal or the suspension of social laws that organized labor has fought for and won—the very laws that, because they contribute to improved working conditions, lessen the likelihood of labor trouble.

Even the National Labor Relations Act may be expected to prove more helpful in the future than it has proved in the past. The conviction is growing that the act's unpopularity among employers has been due, not to the law, itself, but to its overly zealous administration; and meanwhile the NLRA, when it has operated as it was intended to operate, must have had some part in converting more and more employers to a belief in collective bargaining.

Truly progressive social legislation contributes to industrial harmony. New York, for example, was one of the first States to enact a workmen's compensation law, one of the first to enact a minimum-wage law for women and minors, one of the first to regulate hours and to provide for one day of rest in seven, one of the first to adopt a labor-relations act, one of the first to adopt safety codes, one of the first to establish a department of industrial hygiene and to set up a mediation board. New York State employers have become accustomed to a reasonable degree of State regulation; and they welcome it as a benefit to their workers and as a means of eliminating unfair competition. And in New York State, although there have been more than enough disputes over jurisdiction, there has been, between industry and labor, no major conflict.

So much, in brief, for State law. Now, how about Federal laws during the days and months and possibly years that lie ahead? On this score, although Old World history now moves so fast as to leave precedent almost forgotten, we've been accustomed to look at Europe. Employers who don't like our Federal wage-hour law point to France and to her abandonment, during her preparedness period, of the forty-hour week. But they fail to point out, and probably are not aware of, the differences between France's law and our own.

In France, the law limited the working week, flatly, to 40 hours and made no provision for overtime. Under our own law, on October 24 our straight-time work-week for employees engaged in interstate commerce or in producing goods for such commerce will become 40 hours too; but, provided he is paid time and a half for overtime, a worker generally may be employed for as much longer than 40 hours a week as may be required. Nor is his daily overtime limited, except in the fourteen weeks of exemption for seasonal industries when the overtime pay begins after twelve hours a day or 56 hours a week.

As we look at Europe, we scarcely can overlook Germany. Germany has abolished labor unions and has conscripted labor—her own and the labor of countries she has invaded; and a pro-Nazi might exclaim, "Look at Germany today!" Quite so. But as we look, we remember that our social laws are a vital part of our democracy; and we remember, too, that it is our democracy, its spirit and its legislated products, that we are preparing to defend.

Under labor laws, what about shortages of certain kinds of skilled labor? Let's visualize the most difficult employment situation we can think of—the situation of a concern called upon to increase its plant capacity by enlarging its plant and employing more workers than ever before. Let us assume that this company operates in a community where all the skilled workers so urgently needed already are at work. Whence shall the additional workers come?

That plant *will* expand! If anyone thinks that the absence of skilled workers will certainly prevent plant expansion, he is wrong. This emergency calls for American ingenuity and for the co-operation of industry and of labor in apprentice-training; and this time labor will co-operate.

American ingenuity will astonish those pessimists who see among our eight or ten millions of unemployed no great number of intelligent workers to whom the needed skills can be taught. And to this mass of workers previously experienced in private management will be added a great contingent of fine, potential, skilled-worker material—the hundreds of thousands of boys and girls emerging from the trade schools and high schools and colleges.

And one can hazard the prediction that out of the great reservoir of unskilled and semi-skilled workers will come the man-power that will enable industry to expand its personnel as rapidly as it expands its plant. Less harm can be done by testing this labor supply than by repealing labor laws designed to improve working conditions and to spread employment and thus to further industrial peace.

But meanwhile, until these new workers become available, what about time and a half for overtime? Let us visualize a company that faces a labor shortage—and a seeming problem in arithmetic. It is unable to operate on three eight-hour shifts and to stagger its workers so that each group works only five days during a seven-day week—a schedule that, under the wage-hour law, would result in no overtime and would be most economical. Yet, for an indefinite time, it must run at capacity. In that very fact of capacity production lies a planning advantage; for, if wages and piece rates remain unchanged, labor costs can be estimated

accurately. Here, even assuming that our manufacturer is not selling his output to the Government at cost-plus—which might lessen his labor-cost worries, we see an employer enabled to know in advance what wages he can pay for what.

He knows, say, that to synchronize with his production schedule, a certain class of workers must work 50 hours a week; and he knows that, for that amount of work, he can pay no more than \$55. Accordingly, when he hires those workers, he sets their hourly rate for the first 40 hours at \$1 and for the additional ten hours at \$1.50. With the same ends in view, an employer can establish piece rates.

Does this over-simplify the problem? Would such a plan work, not in union shops, but only in "open" shops just opening? Hundreds of employers only a year or so ago were saying that, in order to get larger weekly pay checks, their employees—union men, mind you—wanted to work, at the regular rates, for longer hours than the act called for. These workmen, of course, had failed to catch the spirit of the law, which intended the overtime penalty-pay to spread employment and the minimum-wage provision to raise the pay of low-paid workers.

Collective bargaining and an agreement based on regular and overtime pay to produce a desired weekly wage will enable industry and labor to establish schedules for long work-weeks. In areas of industry where long weeks are necessary, contracts on this basis already have been signed. But what of existing contracts that have a long time to run and carry overtime provisions more generous? Here we must take at his word the employer who says that if a longer week will produce bigger income, then a longer week is what his employees prefer, and we must further assume that the demand for skilled labor will raise basic wage rates. With basic wage rates rising, workers would not object to voiding old contracts and entering new ones. And

in view of the fact that, contract or no contract, higher wages seem inevitable and will probably be necessary to get the experienced employees that will be needed, the employer shouldn't object too much, either.

Next for our consideration in this limited space, a Federal law whose application, in a program of defense, will be extended—the Walsh-Healy Act. Although, in an emergency, the Secretary of Labor may modify its provisions and although, in a war, the President may suspend it, employers well might hesitate before they ask that the Walsh-Healy Act be junked. They contend, many of them, that it boosts not only the wages of employees producing goods contracted for by the Government, but also—in order to keep peace in a plant—the wages of other workers. But those concerns which will be working exclusively on Government orders will not have this problem. And moreover, though we think of the Walsh-Healy Act as a law designed to raise wages, let us remember, also, that it is a potential device to prevent unwarranted wage-cost increases.

Perhaps business would like to have the Walsh-Healy Act and the wage-hour laws administered by the same agency, eliminating some duplication of government effort and simplifying the relation of industry to minimum-wage legislation. Such a consolidation seems desirable, and the Wage and Hour Division of the United States Department of Labor should be the dominant agency because it covers a wider field of industry than does the administration of the Walsh-Healy Act.

There does not seem to be any reason for modifying such other Federal labor laws as the Social Security Act and the Railroad Retirement Act solely because we are embarking on a defense program. Even the NLRA, if it needs revision, should be revised, not because of any emergency, but because the law needs clarifying. And if some miracle should combine with the defense program to bring together the factions of organized labor, the NLRA would prove more helpful to industry.

As we prepare for our nation's defense, we confront, not a theory, but a condition; and yet, factual as that condition is, it is a condition in which we all must watch, carefully, such intangibles as human emotions. Against the pressure of those emotions our State and Federal labor laws are needed—and needed now more than ever—as safety valves.

National liberty, economic liberty, industrial liberty, individual liberty—these we have determined, in this nation, to perpetuate. Our task is great—so great that only by making sure within our land of whole-hearted, unselfish, singleness of purpose can we be sure of accomplishing it.

HARRIS & EWING



Some Economic Aspects of the Defense Program



"B" CLASS ARMY BOMBER—PHOTO BY HOIT, FROM U.S. ARMY PHOTO

UNCLE SAM GOES *to* MARKET

A Summary of the Organization of Federal Purchasing and Procurement

EDWIN B. GEORGE

Economist, DUN & BRADSTREET, INC.

AMONG many self-evident truths supporting our rearmament program, two stand out. First, in a world of violence, a nation with our stake in life must protect it. Second, no country can throw ten to fourteen billion dollars into miscellaneous, unproductive activities without something happening to its financial structure, its standard of living, and even its many indulgences which perhaps, just conceivably, it would never relinquish except in the purifying heat of crisis.

It is the intention of this series of articles to point out some of the economic sidelights of the nation's current rush to arms. This first article is indeed more commercial than economic. Yet, waste and fumbling by prospective sellers ought surely to be minimized by knowledge of the ways in which business with the Government can be done.

Ultimately the indirect effects of the defense program may well become more important. Even when standard goods are turned out without straining existing industrial capacity, buyers' choices can pull economic strings. If contracts are to be negotiated, instead of placed through competitive bidding, there must be economic as well as military criteria of what constitutes good business, in terms of the national interest. And when simple supply and demand situations are transversed by shortages, by a desperate need for rapid plant expansion, and by disputes over the most equitable methods of financing, choices become forces. Some of the considerations influencing these decisions will be examined in a later article.

IT seems very clear that three things can happen to us as a result of the avalanche of defense appropriations:

1. There will be a natural, human, and proper interest on the part of many manufacturers in the new and spot business that is to develop therefrom. In the same bracket perhaps it should be mentioned that there will be reluctance on the part of some manufacturers to accept such orders because of the appearance of false dawn that it gives to their P & L statements and of the dreary struggle with surplus capacity that may trail the emergency.

2. An inevitable by-product of the major effort we are making will be confusion. The value of spot news normally is the awareness it brings of new developments; that value is paid for by a momentary swamping of our sense of proportion. The announcement of a new policy, a new appropriation, a

new concept of defense will be more important on that day than the ultimate place of the novelty in the complete defensive scheme. Armament will be anything but an exception to this rule. There is obviously something to be accomplished in the interests of perspective and mental equilibrium by a periodic reevaluation of the steps taken since a previous similar report.

3. The way in which we throw the weight of all this new money around can and will have widespread effects on such vital economic factors as unemployment, wage floors and hour ceilings, inflation, taxation, business initiative, politics (particularly with respect to Government ownership of some of the means of production and transportation), the character of post-emergency competition both as within industries and between industries, and the distribution structure. The real import is that the whole economy may be reshaped by the time all the results are registered.

There is a considerable range of choice in the kind of consequences that we will invite, and decisions are being made daily in Washington respecting procurement policies that may be more influential in the long run than some of the political fulminations which lately came out of Philadelphia and Chicago.

This article will be the first in a series in which it is hoped to eye both the practical and theoretical facets of the Washington buying program. In comparison with the five-alarm language that has just been used, nothing could

be more homely and conventional than the material selected for this first effort. It will be a simple description of the procurement machinery of the Government, meaning how so vast and varied an organism gets its nourishment, and pays for it, and the degree of coordination between parts of uneven autonomy that successive administrations have been able to achieve.

And never to be forgotten in any treatment of this subject is the producer's best means of bringing his particular wares to the attention of the

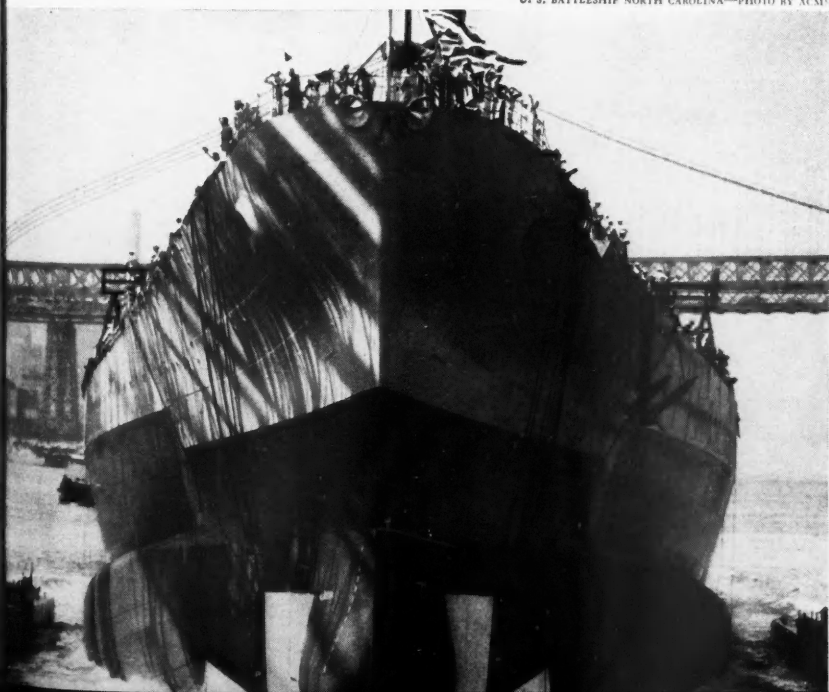
individuals in the Government most likely to be interested.

Admittedly, no sales manager could make his fortune today merely by memorizing the standard procurement organization of the Government. Changes have had to be made to keep pace with both the step-up in activity and the urgent need for speed.

Nevertheless, the simple fact that we are now in an emergency does not mean that the existing system is going to be reorganized from scratch. The Government is entirely too huge to be reconstructed from the bottom up even if desirable, and the fact that the present system has evolved out of years of experience with all sorts of normal and abnormal situations would probably make such an effort undesirable. The existing procurement system, with its advantages of tested orderliness and its disadvantages of ponderousness and internal friction is at least understood by the countless organization units that have to work with it. This despite the fact that internal pressure for reforms has long been heavy and has shown



MANUFACTURE OF HEAVY BOLTS—PHOTO BY CUSHING



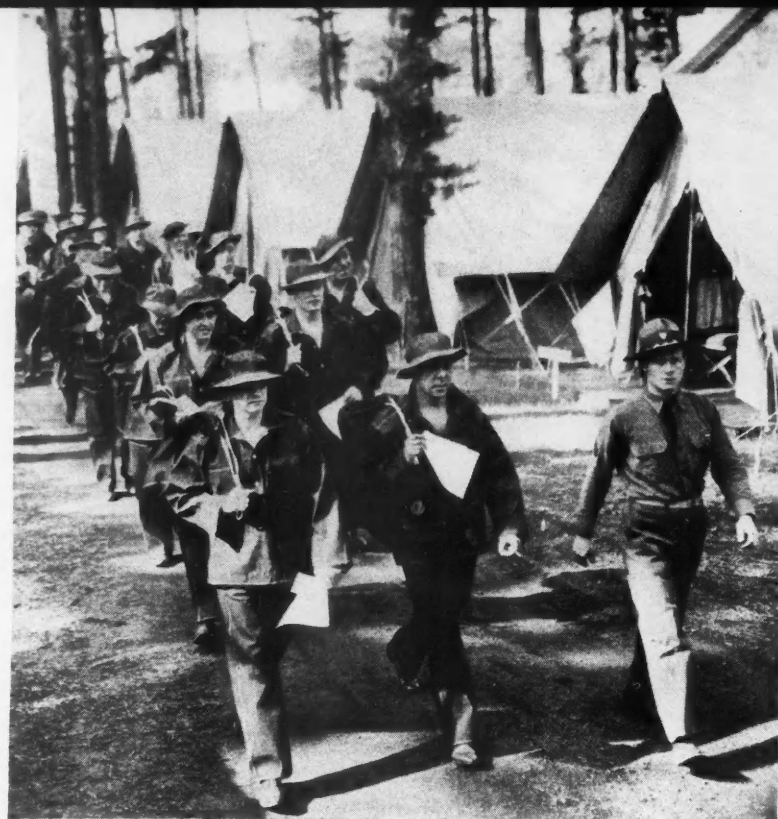
U. S. BATTLESHIP NORTH CAROLINA—PHOTO BY ACME

no great disposition to relax merely because new demands are being laid on the system.

The existing organization happens already to face in several directions. It has its own kind of flexibility, born partly of experience, partly of planning, partly of inertia, partly of the ancient tendency of individual units in a big organization to squat on prerogative.

No one claims that the present organization is ideal for the purpose before us, but with adjustments at the top it is being made to serve. Any salesman wishing to travel its labyrinthian channels with briefcase in hand *must* know of course what they are, and may also profit from an elementary understanding of how they developed. There are also both humanitarian and economic considerations which justify more knowledge concerning this structure. Extensive waste of carfare and shoe leather do not return a profit to railroads and footwear manufacturers quite equal to the country's loss of mispent energy and morale.

Even in the course of the twelve-month period from December 1937 to November 1938 inclusive—prior to the present surge—forty-five agencies of the Federal Government bought nearly a billion dollars worth of merchandise, supplies, and services other than personal, involving hundreds of thousands of items, held 331,851 bid openings.



BUSINESSMEN AT PLATTSBURG, N. Y.—PHOTO BY ACME

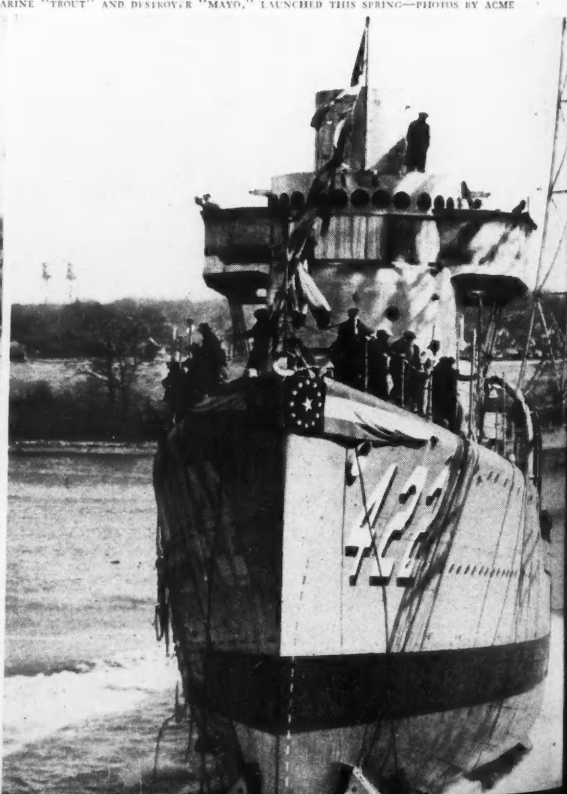
awarded contracts to 1,640,896 bidders after an examination of 7,580,771 bids, and accounted for 1.64 per cent of the aggregate of national purchasing exclusive of manufacturers' purchases.¹

¹ This statement is based on statistics selected from a study of the Procurement Division Group, Treasury Department Sub-Committee, Temporary National Economic Committee, of purchasing during the period indicated. Not all purchases were included; among the omissions were real estate, travel, expenditures by private contractors operating under construction contracts, and the purchases of surplus agricultural products by the Surplus Commodities Corporation. This report will be referred to hereafter as the "1939 Procurement Division Report."

Through what kind of a business organization did the Government lay this emphatic imprint on American industrial activity, and reversing the simile, how should a manufacturer proceed if he wanted part of so benevolent an imprint laid on him?

The Government has four principal methods of buying, as follows:

1. The several Government departments, bureaus, or independent agen-



THE SUBMARINE "TROUT" AND DESTROYER "MAYO," LAUNCHED THIS SPRING—PHOTOS BY ACME



155 MM. HOWITZER—PHOTO BY AGMIL

cies may in varying degree do their own buying in their own names on their own authority. This direct approach still accounts for the bulk of the Government's purchases, although principally because the gross results are so heavily weighted by direct-action Army and Navy business. In some respects it is well to regard military procurement as a separate category.

2. Each agency may buy in its own name but under a contract made with the supplier in question by the Procurement Division of the Treasury Department. These arrangements are generally referred to as general supply contracts, and are usually negotiated in the case of materials and supplies for which there are recurring demands in sufficient quantities to justify the creation of sources of supply available at all times. "During one year the Procurement Division arranges approximately 2,500 contracts for the general schedule of supplies."² In recent years they have sometimes been extended to provide for the consolidated purchase for a number of agencies in a single metropolitan area of such services as electricity, gas, drayage, and repair of office machines.³ A variation of this method occurs when one Government agency avails itself of advantageous contracts made by another Government agency for a product that they use in common. In this wise, the Navy Department as the largest single purchaser is charged

by the Director of Procurement with the responsibility of negotiating the lubricating oil contracts for all Federal agencies, upon whom their use is mandatory. Envelopes for all agencies are similarly purchased under Post Office contracts.

3. Any agency may draw upon the Procurement Division's warehouse stocks of generally used commodities. Such purchases are charged to it by means of a transfer and counterwarrant on the consuming agency whereby the Division's revolving fund of \$3 million is reimbursed. The material and supplies handled in this manner are usually those for which the need of any one agency is relatively limited and for which the cost of small or retail quantities would be relatively high. About 2,000 items are carried in stock. Agency purchases from this stock during the fiscal year 1939 were reported to be in the neighborhood of \$3.6 million with the tendency upward.

Some Government agencies also buy occasionally from the warehouse stocks of other Government agencies. Thus the National Park Service, the Civilian Conservation Corps, and the Indian Service have filled some of their needs from the warehouses of the Forest Service.

4. Any agency may authorize the Procurement Division to purchase for its use and account specific supplies not carried in the Procurement warehouse but for the purchase of which

the Procurement Division, for technical or other reasons, is believed to have superior facilities. For this service the Procurement Division charges 3 per cent of the purchase cost. This method is used heavily in the field, principally by the Works Progress Administration and other emergency agencies. Largely because of the substantial dependence of the emergency organizations upon this method of purchase, it ranked second in importance among those listed. These Procurement purchases for the account of other agencies are also financed out of the \$3 million revolving fund referred to above and in 1938 amounted to around \$27 million.

How Much, by Whom?

A condensed tabulation of Federal purchases for one year will illustrate somewhat more vividly the relative importance of different methods of purchasing, with particular emphasis on the stand-out positions occupied by (1) direct purchases by the several agencies (principally the Army and Navy, and, in smaller volume, the Post Office Department), and (2) the purchases of the emergency agencies through the Procurement Division.

FEDERAL PURCHASES IN 1938 BY PURCHASE PROCEDURE¹

	Value (Millions)	Per Cent
Direct purchase from suppliers . . .	\$573.9	62
Purchase from General Schedule of Supplies	60.7	7
Purchase under contracts of an- other agency	15.0	2
Purchase from warehouse stocks of Procurement Division	3.6	1
Purchase from suppliers through the Procurement Division	260.2	28
Total	\$913.4	100

The part actually played by the Procurement Division becomes clearer with the revelation that this service unit was in 1938 used by all of the departments, bureaus, and the individual agencies in the purchase of some frac-

¹ Estimates prepared for a study of Federal procurement to be published by the Temporary National Economic Committee; they were based on data appearing in the "1939 Procurement Division Report," and in "Hearings on the Treasury Department Appropriation Bills for 1940 and 1941" before the House Appropriations Committee. The study itself, including estimates, was made by Clem Linenberg and Dana M. Barbour under the supervision of Dr. Morris Copeland, in the Division of Statistical Standards, Bureau of the Budget.

² "1939 Procurement Division Report," p. 12.

³ Annual Report of the Secretary of the Treasury, 1940, p. 192.

ARMY FIELD PROCUREMENT PLANNING OFFICERS, NAVY FIELD PURCHASING OFFICERS, AND TREASURY DEPARTMENT PROCUREMENT DIVISION OFFICERS, BY STATES

(Although these are most important in volume of Federal purchases, some other agencies maintain field purchasing offices. All Treasury Department officers listed here have the title "Procurement Officer.")

<p>ALABAMA</p> <p>ARMY <i>Ordinance Department:</i> Major W. F. Vander Hyden, 1908 Comer Building, Birmingham.</p> <p><i>Corps of Engineers:</i> Capt. John R. Noyes, 212 Wilson Building, Mobile.</p> <p>TREASURY Mr. Ernest S. Mayer, Old Post Office Building, Montgomery.</p>	<p>DISTRICT OF COLUMBIA</p> <p>NAVY Supply Officer, Navy Yard, Washington; Supply Officer, Naval Air Station, Anacostia; Supply Officer, Naval Research Laboratory, Anacostia Station, Washington.</p> <p>TREASURY Mr. Bertrand S. Solcau, Procurement Division Building, 7th and D Streets, S.W., Washington.</p>	<p>INDIANA</p> <p>ARMY <i>Quartermaster Corps:</i> Major Fred M. Fogle, Tenth Street and Meigs Avenue, Jeffersonville.</p> <p>TREASURY Mr. Samuel J. Craig, Century Building, Indianapolis.</p>
<p>ARKANSAS</p> <p>TREASURY Mr. Larkin L. Thornhill, Old Post Office Building, Little Rock.</p>	<p>FLORIDA</p> <p>NAVY Supply Officer, Naval Air Station, Pensacola; Supply Officer, Naval Station, Key West.</p> <p>TREASURY Mr. Wilbur E. Harkness, 49 West Duval Street, Jacksonville.</p>	<p>IOWA</p> <p>TREASURY Mr. Hans Pauli, 300 Royal Union Life Building, 7th and Grand Avenue, Des Moines.</p>
<p>CALIFORNIA</p> <p>ARMY <i>Quartermaster Corps:</i> Major Howard H. Cloud, Fort Mason, San Francisco.</p> <p><i>Ordinance Department:</i> Major A. R. Baird, 409 Chamber of Commerce, Los Angeles; Major William I. Wilson, 118 Federal Office Building, San Francisco.</p> <p><i>Air Corps:</i> Major J. L. Stromme, 1411 P. O. and Court House Building, Los Angeles.</p> <p><i>Corps of Engineers:</i> Major Kenneth M. Moore, 401 Custom House, San Francisco.</p> <p><i>Medical Department:</i> Col. Robert Skelton, San Francisco, General Depot, The Presidio, San Francisco.</p> <p><i>Signal Corps:</i> Major Lester J. Harris, The Presidio, San Francisco.</p> <p><i>Chemical Warfare Service:</i> 117 Federal Office Building, San Francisco.</p> <p>NAVY Rear Admiral Paul B. Dungan, Federal Office Building, Civic Center, San Francisco; Supply Officer, Naval Air Station, Alameda; Supply Officer, Naval Air Station, North Island, San Diego; Officer-in-Charge, Navy Purchasing Office, San Francisco; Officer-in-Charge, Supply Depot, Naval Operating Base, San Diego.</p> <p>TREASURY Mr. Harry A. Bellows, Regional Procurement Office, 1206 South Santee Street, Los Angeles; Mr. John W. Knox, 49 4th Street, San Francisco.</p>	<p>GEORGIA</p> <p>ARMY <i>Quartermaster Corps:</i> Major Rufus Boylan, 1306 Twenty-two Marietta Building, Atlanta.</p> <p>NAVY Lt. Commander Charles Hibbard, Room 318, Federal Annex, Atlanta.</p> <p>TREASURY Mr. Harry E. Harman, Jr., 10 Forsyth Street, Building, Atlanta.</p>	<p>KANSAS</p> <p>TREASURY Mr. Orsino P. Allce, 300 West 8th Street, Topeka.</p>
<p>COLORADO</p> <p>TREASURY Mr. Charles R. Franks, 810 14th Street, Denver.</p>	<p>IDAHO</p> <p>TREASURY Mr. Ralph W. Butterfield, 433 Federal Building, Boise.</p>	<p>KENTUCKY</p> <p>TREASURY Mr. Richard F. Going, Speed Building, 333 Guthrie Street, Louisville.</p>
<p>CONNECTICUT</p> <p>NAVY Commander Ryan L. Dennis, Federal Building, Hartford; Supply Officer, Submarine Base, New London.</p> <p>TREASURY Mr. Michael H. Flynn, 1044 Chapel Street, New Haven.</p>	<p>ILLINOIS</p> <p>ARMY <i>Quartermaster Corps:</i> Major John A. McDonald, 1819 West Pershing Road, Chicago.</p> <p><i>Ordinance Department:</i> Col. Donald Armstrong, 309 West Jackson Boulevard, Chicago.</p> <p><i>Air Corps:</i> Major Charles W. Steinmetz, 1115 Post Office Building, Chicago.</p> <p><i>Corps of Engineers:</i> Capt. Reginald Whitaker, 1117 Post Office Building, Chicago.</p> <p><i>Medical Department:</i> Lt. Col. Edwin R. Strong, 1203 Post Office Building, Chicago.</p> <p><i>Signal Corps:</i> Capt. Arthur E. Mickelson, 1819 West Pershing Road, Chicago.</p> <p><i>Chemical Warfare Service:</i> Major Harry R. Lebkicher, 1113 Post Office Building, Chicago.</p> <p>NAVY Commander Watson O. Bailey, Room 214, U. S. Court House, Clark and Adams Street, Chicago; Supply Officer, Naval Training Station, Great Lakes.</p> <p>TREASURY Mr. Malcolm W. Milligan, 222 West North Bank Drive, Chicago.</p>	<p>LOUISIANA</p> <p>TREASURY Mr. William B. Edgar, 707 Canal Bank Building, New Orleans.</p>
<p>DELAWARE</p> <p>ARMY <i>Ordinance Department:</i> Major J. P. Harris, Nemours Building, Wilmington.</p>	<p>MICHIGAN</p> <p>ARMY <i>Quartermaster Corps:</i> Capt. Clarence E. Jones, 611 Federal Building, Detroit.</p> <p><i>Ordinance Department:</i> Major Richard Z. Crane, 1832 National Bank Building, Detroit.</p> <p><i>Air Corps:</i> Major Alonzo M. Drake, 611 Federal Building, Detroit.</p> <p>TREASURY Mr. Rollin W. Clark, Old Post Office Building, Lansing.</p>	<p>MARYLAND</p> <p>NAVY Supply Officer, Naval Powder Factory, Indian Head; Supply Officer, Naval Academy, Annapolis.</p> <p>TREASURY Mr. Howard S. Grimes, 1735 Baltimore Trust Building, Baltimore.</p>
	<p>MASSACHUSETTS</p> <p>ARMY <i>Quartermaster Corps:</i> Major Bernard J. Finan, 9 Army Base, Boston.</p> <p><i>Ordinance Department:</i> Major J. S. Crawford, 2004 P. O. and Court House Building, Boston; Col. Robert Sears, 3640 Main Street, Springfield.</p> <p><i>Chemical Warfare Service:</i> Lt. Col. John A. Baird, 2000 P. O. and Court House Building, Boston.</p> <p>NAVY Lt. Commander Richard M. Rush, Building 24, Navy Yard, Boston, Supply Officer, Navy Yard, Boston.</p> <p>TREASURY Mr. Fred W. Witt, Park Square Building, Boston.</p>	

MINNESOTA

TREASURY

Mr. Pearl R. Johnson, 1209 Minnesota Building, St. Paul.

MISSISSIPPI

TREASURY

Mr. Jules E. McNair, 5th Floor, Tower Building, Jackson.

MISSOURI

ARMY

Quartermaster Corps: Major Clarence J. Blake, Second and Arsenal Streets, St. Louis.

Ordnance Department: Major H. M. Reedall, 935 Custom House, St. Louis.

Medical Department: Lt. Col. Royal K. Stacey, Second and Arsenal Streets, St. Louis.

TREASURY

Mr. Richard F. Minogue, 6th Floor, Medical Arts Building, Kansas City.

MONTANA

TREASURY

Mr. Frank W. McCarthy, Silver Bow County Court House, Butte.

NEBRASKA

TREASURY

Mr. Courtney Williams, Union Terminal Warehouse, 901 North 17th Street, Lincoln.

NEVADA

TREASURY

Mr. John F. Shaughnessy, 303 South Center Street, Reno.

NEW HAMPSHIRE

NAVY

Supply Officer, Navy Yard, Portsmouth.

NEW JERSEY

NAVY

Supply Officer, Naval Air Station, Lakehurst.

TREASURY

Mr. Edward B. Erickson, Industrial Building, 1060 Broad Street, Newark.

NEW MEXICO

TREASURY

Mr. Tavner I. Runyan, New Mexico Public Welfare Building, Santa Fe.

NEW YORK

ARMY

Quartermaster Corps: Lt. Col. George F. Spann, First Avenue and 58th Street, Brooklyn.

Ordnance Department: Col. John K. Clement, Room 1214, 90 Church Street, New York; Major Roy L. Bowlin, 1118 Mercantile Building, Rochester.

Air Corps: Col. Roy M. Jones, 90 Church Street, New York; Major A. E. Simonin, 328 P. O. Building, Buffalo.

Corps of Engineers: Capt. Arthur J. Sheridan, 39 Whitehall Street, New York.

Medical Department: Lt. Col. Allan W. Dawson, First Avenue and 58th Street, Brooklyn.

Signal Corps: Major Gordon C. Irwin, First Avenue and 58th Street, Brooklyn.

Chemical Warfare Service: Capt. Harry A. Kuhn, Room 404, 45 Broadway, New York.

NAVY

Captain Franklin Van Valkenburgh, Room 1414, Federal Office Building, 90 Church Street, New York; Captain Joseph S. Evans, General Electric Co's Works, Schenectady; Officer-in-Charge, Navy Purchasing Office, P. O. Box 9, Station C, New York.

TREASURY

Mr. Thomas J. Forde, 76 Ninth Avenue, New York.

NORTH CAROLINA

TREASURY

Mr. John E. Crow, Raleigh Building, 5 West Hargett Street, Raleigh.

OHIO

ARMY

Ordnance Department: Lt. Col. Philip G. Blackmore, 1134 Keith Building; Cleveland; Major Fred A. McMahon, 831 The Enquirer Building, Cincinnati.

Air Corps: Major Philip Schneeberger, Wright Field, Dayton; Robert W. Wade, 1725 NBC Building, Cleveland.

NAVY

Lt. Commander Gustave H. Bowman, 804 P. O. Building, 8th and Walnut Streets, Cincinnati.

TREASURY

Mr. Archibald C. Gray, Fifth Floor, New Federal Building, Columbus.

OKLAHOMA

TREASURY

Mr. Gabe E. Parker, Jr., Cotton Exchange Building, Oklahoma City.

OREGON

TREASURY

Mr. Hamilton Morton, Bedell Building, Portland.

PENNSYLVANIA

ARMY

Quartermaster Corps: Major Thomas Brady, Jr., Twenty-first and Johnson Streets, Philadelphia.

Ordnance Department: Capt. W. S. Broberg, Room 1417, Mitten Building, Philadelphia; Major James L. Guion, 1032 New Federal Building, Pittsburgh.

Corps of Engineers: Captain Hubert S. Miller, Second & Chestnut Streets, Philadelphia; Captain Henry F. Hannis, 1012 New Federal Building, Pittsburgh.

Chemical Warfare Service: Col. R. C. Ditto, 1044 New Federal Building, Pittsburgh.

NAVY

Lt. Commander Gerald D. Linke, Bethlehem Steel Co.'s Works, Bethlehem; Capt. William McEntee, Room 1003, New Custom House, Second and Chestnut Streets, Philadelphia; Capt. Ralph T. Hanson, Munhall; Supply Officer, Navy Yard, Philadelphia; Supply Officer, Naval Aircraft Factory, Navy Yard, Philadelphia.

TREASURY

Mr. Frederick A. Mapes, 928 No. 3rd Street, Harrisburg.

RHODE ISLAND

NAVY

Officer-in-Charge, Navy Purchasing Office, Newport.

SOUTH CAROLINA

NAVY

Supply Officer, Navy Yard, Charleston.

TREASURY

Mr. John M. Anderson, National Loan and Exchange Building, Columbia.

TENNESSEE

TREASURY

Mr. Thomas G. Johnson, 415 Stahlman Building, Nashville.

TEXAS

ARMY

Quartermaster Corps: Capt. Hartwell M. Elder, San Antonio General Depot, Fort Sam Houston; Major Patrick Kelly, Normoyle Q. M. Depot, San Antonio.

TREASURY

Mr. John W. Armstrong, 5th Floor, Bedell Building, San Antonio.

UTAH

TREASURY

Mr. Ralph C. Felsted, 419 Boston Building, Salt Lake City.

VIRGINIA

NAVY

Supply Officer, Norfolk Navy Yard, Portsmouth; Supply Officer, Naval Air Station, Norfolk; Supply Officer, Naval Proving Ground, Dahlgren; Supply Officer, Naval Mine Depot, Yorktown; Officer-in-Charge, Naval Supply Depot, Naval Operating Base, Norfolk.

TREASURY

Mr. Charles W. Biting, 708 State Planters' Bank Building, Richmond.

WASHINGTON

ARMY

Air Corps: Major John D. Corkhill, c/o Boeing Aircraft Company, Seattle.

NAVY

Lt. Commander Tony L. Hannah, Room 520, Maritime Building, Seattle; Supply Officer, Navy Yard, Puget Sound.

TREASURY

Mr. Frank J. Chockley, Alaska Building, Seattle.

WEST VIRGINIA

TREASURY

Mr. Harry A. Hetz, 910 Quarrier Street, Charleston.

WISCONSIN

TREASURY

Mr. Charles E. Hope, 301 East Wilson Street, Madison.

WYOMING

TREASURY

Mr. Dwyer F. Smith, 402 City and County Building, Cheyenne.

tion (sometimes very small) of their respective requirements and was responsible for all of the purchases of the Works Progress Administration, the Inland Waterways Corporation, the State Department, the National Labor Relations Board, the Alley Dwelling Authority, the American Battle Monuments Commission, the Civilian Conservation Corps, the Export-Import Bank, and the Tariff Commission. The Procurement Division also publishes the Federal Standard Stock Catalog, consisting of over 155,000 classified items regularly procured, stored, and issued by or for the various executive departments and establishments.

Here then is flexibility, planned and unplanned, which may give the manufacturer a richer variety of choices than he relishes in his effort to make the proper contact for sale of his particular goods to the Government. A trade-way map such as has been depicted above may be actually confusing to the extent that it obscures the particular Government agency lying restively at the end of one of the various purchasing channels for news of exactly his kind of merchandise. Curiosity at least becomes strong as to the relative importance of the various major agencies as consumers of American goods. This information is available in broad outline:

PURCHASES MADE BY PRINCIPAL PURCHASING AGENCIES

(December 1937–November 1938)⁵

AGENCY	Value (Millions)	Per Cent
War Department	\$270.5	30
Navy Department	216.1	24
Works Progress Administration	196.4	21
Department of the Interior	55.7	6
Department of Agriculture	45.6	5
Department of the Treasury	26.0	3
Veterans' Administration	20.8	2
Post Office Department	17.6	2
Tennessee Valley Authority	17.3	2
The Panama Canal	9.5	1
Department of Commerce	9.4	1
All Others	28.5	3
Total	\$913.4	100

⁵ "1939 Procurement Division Report," page 26. This table is a highly summarized report on the nation's business in a "pre-emergency" year. Under the tremendous impact of 1940 preparedness appropriations and authorizations the current and near-future expenditures for the War and Navy Departments in particular will practically run away from those made for routine services. Even in a relatively quiet year however the disproportions in this table tell a story.

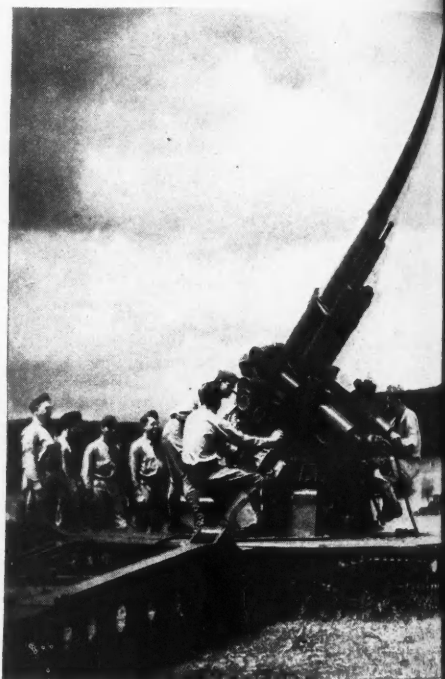
The best idea, according to the dictates of distribution cost accounting, would apparently be to go after the lush business of the War and Navy Departments and the Works Progress Administration, where apparently the best possible returns would be secured for the least possible investment. Life was never meant to be that easy, a fact which comes out clearly in this case with the realization that total purchases have little or nothing to do with the maximum purchase of any single commodity.

Another stumbling block appears in the fact that these figures are departmental aggregates. But in real life Government departments are figurative rabbit warrens, breeding and sheltering bureaus and commissions as prolifically as the image suggests. The next step in the salesman's exploration would of course be that of breaking this departmental list into constituent agencies, preparatory to getting an itemized record of the distinctive purchases of each. Even armed with this knowledge, there will be the further difficulty that the division of purchasing responsibility does not always travel with the division of official functions. There are wide variations among the departments and independent agencies in the degree of centralization, for example, that is thought most efficient for their several purposes. Knowledge of these variations is indispensable to an effective business approach.

The Department of War has central control with decentralized operation. It maintains a Current Procurement Branch in Washington, charged with the responsibility of developing efficient procurement policies, maintaining up-to-date files of information on prospective requirements, maintaining suitable contacts with coordinate departments, and in general supervising procurement operations. Under this general direction the Quartermaster Corps has charge of the purchase of commercial products used by more than one military arm or service. Technical requirements are under technical direction, as

in the case of the Air Corps, the Chemical Warfare Service, the Engineers (divided into a military branch buying field equipment and a non-military branch in charge of river and harbor maintenance), the Medical Department (which also inspects perishable foodstuffs), the Ordnance Department, and the Signal Corps. There is a National Guard Bureau to take care of the needs of the National Guard. But from a volume standpoint as distinguished from specialized material, most of the buying is highly decentralized to correspond with military organization, and numerous purchasing and storage points are maintained throughout the country.

The Navy Department however runs more to centralization. Sell the Bureau of Supplies and Accounts, preferably



ANTI-AIRCRAFT GUN—PHOTO BY CUSHING

through one of its field offices, and the prospects of your goods seeing the world are fairly bright. This Bureau has supervision of all purchases except arms, ammunition and gun forgings purchased by the Bureau of Ordnance, local purchases of the twenty-four Navy



CAVALRYMAN, 1940—PHOTO BY HARRIS & EWING

yards, supply depots, etc., and limited purchases by supply officers of ships. The Marine Corps depends upon its own Quartermaster for its supplies; in practice though there is fairly complete centralization in Washington for the East Coast and in San Francisco for the West Coast. The purchase of general supplies for the Navy is financed out of a revolving fund.

In contrast, the organization and functions of the Departments of Agriculture and the Interior make for far-flung geographical decentralization. Both of them maintain literally hundreds of field offices and agents throughout the United States. There is a Purchasing Officer in the Interior Department in Washington, however, and an Office of Budget and Finance in the Department of Agriculture; these retain supervisory powers.

The centralization principle is followed rather closely by the Veterans' Administration, Post Office Department, and the Tennessee Valley Authority. The principal purchasing office of the Tennessee Valley Authority however is located at Knoxville rather than Washington, and is supplied

ment according to need by field offices at the larger construction projects. The Panama Canal Administration splits the purchasing function between a Department of Supply on the Isthmus and an office in Washington which does the domestic buying for this outpost. Field offices of the Department of Commerce make their own contracts and purchases, principally in amounts less than \$100 and subject to the supervision of a Division of Purchases and Sales in Washington.

Among the buying organizations which are essentially centralized is the Procurement Division of the Treasury Department itself. It will be recalled however that while this Division is basically a service agency for all departments, its biggest business lies in the direct servicing of the emergency agencies. For the latter's benefit, 45 offices have been strewn throughout the States, but whether they will be permanent or temporary depends in part upon the future of the social, economic, and political ideas to which the "emergency" organizations owe their being.

In the Field

In general, while the pattern is necessarily of a shifting variety, a large part of the Federal Government's purchasing and a very large part of that of some of the individual agencies, is done in the field rather than in Washington. This result is predetermined by the fact already noted that the bulk of such business was even in 1938 concentrated with the War Department (29.61 per cent), Navy Department (23.56 per cent), and the Works Progress Administration (21.50 per cent).

It has been seen that the Procurement Division, while in theory and design a super-buying office, has accommodated itself to the diverse needs of the New Deal creations by setting up local offices; that the purchasing power of the War Department is widely delegated; and that the simpler organization achieved by the Navy Department through its Bureau of Supplies and Accounts nevertheless fans out into re-

gional offices. And even the "General Schedule of Supplies," managed by the Treasury's Procurement Division primarily for the benefit of agencies located in Washington and on whom its use is mandatory, is now utilized on a broad scale by field offices of the various Federal units. In fact Admiral Peoples, formerly Director of the Procurement Division, himself emphasized before the Appropriations Committee of the House on various occasions that he considered it desirable to use existing procurement facilities of the various departments and field offices where practical.

It must be recognized however that the Government's present purchasing organization is by no manner of means to be considered as set for all time. It was devised by men, and after the manner of that species differences of opinion seethe over the extent to which power ought to be consolidated or delegated. Many of the current arrangements are doubtless hybrid fruits of compromise rather than of inspiration. An interesting mile post in the drive toward centralization is to be found in Order No. 73 of the Director of Procurement, dated June 10, 1939, approved by the Secretary of the Treasury and the President and which read in part as follows:

2. The Procurement Division, Treasury Department, shall hereafter undertake the performance of procurement of all supplies for use either at the seat of Government or in the field for all existing Government agencies and such agencies hereafter created: *Provided*, that any agency may perform such procurement itself to the extent permitted by the Director of Procurement until such date as the Director may designate with respect to specific agencies, specific kinds of procurement or specific supplies.

3. The offices of the Procurement Division now existing in the several States shall form the nucleus for the field activities of a general procurement service.

The order further stipulated that unexpended balances of appropriations affected by the order were to be transferred to the Procurement Division, subject however to the approval of the Secretary of the Treasury and the Director of the Budget.

Since that date, the Procurement Division actually did take over the purchasing of two of the new agencies set

ARMY OFFICERS RESPONSIBLE FOR PLANNING PROCUREMENT OF EXTRA-ROUTINE MATERIALS

Because of the many special or technical problems with which the modernization of our military plant has confronted the authorities, the War Department has set up a special panel of officers charged with the responsibility of handling extra-routine matters. These officers have been assigned to selected regional posts, "Army District Planning Offices." Because officers are constantly being shifted, inquiries to them should also have in the address the words "Planning Officer in Charge."

Some duplication will be found with the State-by-State directory on pages 12 and 13.

AIR CORPS

BALTIMORE, MD.
Major E. D. Perrin, c/o Glenn L. Martin Co.
BUFFALO, N. Y.
Major A. E. Simonin, 328 P. O. Building.
DAYTON, OHIO
Lt. Colonel P. S. Schneeberger, Chief, Ind. Planning Section, Wright Field.
EAST HARTFORD, CONN.
Captain R. J. Minty, c/o United Aircraft Corp.
HAGERSTOWN, MD.
Captain Charles W. O'Connor, c/o Fairfield Aviation Corp.
NEW YORK, N. Y.
Colonel Roy M. Jones, 90 Church Street.
SAN DIEGO, CAL.
Major E. R. McReynolds, c/o Consolidated Aircraft Co.
SANTA MONICA, CAL.
Lt. Colonel L. T. Smith, Pacific Building.
SEATTLE, WASH.
Major John D. Corkhill, c/o Boeing Aircraft Co.
WICHITA, KAN.
Major Ray G. Harris, c/o Steerman Aircraft Co.

CHEMICAL WARFARE SERVICE

BOSTON, MASS.
Captain Sterling E. Whitesides, Jr., Room 200, P. O. and Court House Building.
CHICAGO, ILL.
Major H. R. Lebkicher, Room 1113, Post Office Building.
NEW YORK, N. Y.
Captain Harry A. Kuhn, Room 404, 45 Broadway.
PITTSBURGH, PA.
Colonel R. C. Ditto, 1044 New Federal Building.
SAN FRANCISCO, CAL.
Major Edward B. Blanchard, Room 117, Federal Office Building.

ENGINEER CORPS

CHICAGO, ILL.
Major R. Whitaker, 1117 U. S. Post Office Building.
MOBILE, ALA.
Captain J. R. Noyes, 212 Wilson Building.
NEW YORK, N. Y.
Captain A. J. Sheridan, 710 Army Building, 39 Whitehall Street.

PHILADELPHIA, PA.
Captain H. S. Miller, 900 U. S. Custom House, Second and Chestnut Streets.
PITTSBURGH, PA.
Captain H. F. Hannis, 1012 New Federal Building.
SAN FRANCISCO, CAL.
Major K. M. Moore, Room 409, Custom House.

MEDICAL DEPARTMENT

CHICAGO, ILL.
Lt. Colonel E. R. Strong, 1203 U. S. Post Office Building.
NEW YORK, N. Y.
Lt. Colonel A. W. Dawson, First Avenue and 58th Street, Brooklyn.
ST. LOUIS, MO.
Lt. Colonel R. K. Stacey, Second and Arsenal Streets.
SAN FRANCISCO, CAL.
Colonel Robert Skelton, San Francisco General Depot, The Presidio.

ORDNANCE DEPARTMENT

BIRMINGHAM, ALA.
Major W. F. Vander Hyden, 1908 Comer Building.
BOSTON, MASS.
Major J. S. Crawford, 2004 P. O. Building.
CHICAGO, ILL.
Colonel Donald Armstrong, 309 West Jackson Boulevard.
CINCINNATI, OHIO
Major F. A. McMahon, 831 Enquirer Building.
CLEVELAND, OHIO
Major H. M. Reedall, 1134 Keith Building.
DETROIT, MICH.
Major R. Z. Crane, 1832 National Bank Building.
LOS ANGELES, CAL.
Major A. R. Baird, 409 Chamber of Commerce Building.
NEW YORK, N. Y.
Colonel John K. Clement, Room 1214, 90 Church Street.
PHILADELPHIA, PA.
Major D. N. Hausman, Room 1417, Mitten Building.
PITTSBURGH, PA.
Major James L. Guion, 1032 New Federal Building.

ROCHESTER, N. Y.
Major Roy L. Bowlin, 1132 Mercantile Building.
ST. LOUIS, MO.
Major Randall J. Hogan, 935 U. S. Custom and Court House.
SAN FRANCISCO, CAL.
Lt. Colonel Oscar Krupp, 118 U. S. Federal Office Building.
SPRINGFIELD, MASS.
Colonel Robert Sears, 95 State Street.
WILMINGTON, DEL.
Major J. P. Harris, 1466 Nemours Building.

QUARTERMASTER CORPS

ATLANTA, GA.
Major Rufus Boylan, 1306-22 Marietta Building.
BOSTON, MASS.
Major Bernard J. Finan, Army Base (Boston 9).
CHICAGO, ILL.
Major J. A. McDonald, 1819 West Pershing Road.
DETROIT, MICH.
Captain C. E. Jones, 611 Federal Building (Motor Procurement).
JEFFERSONVILLE, IND.
Major Fred M. Fogle, Tenth Street and Meigs Avenue.
NEW YORK, N. Y.
Lt. Colonel George F. Spann, First Avenue and 58th Street, Brooklyn.
PHILADELPHIA, PA.
Major Thomas Brady, Jr., Twenty-first and Johnston Streets.
ST. LOUIS, MO.
Major Clarence J. Blake, Second and Arsenal Streets.
FORT SAM HOUSTON, TEX.
Captain Hartwell M. Elder, San Antonio General Depot.
SAN FRANCISCO, CAL.
Major Howard H. Cloud, Fort Mason.

SIGNAL CORPS

CHICAGO, ILL.
Captain A. E. Mickelson, 1819 West Pershing Road.
NEW YORK, N. Y.
Major G. C. Irwin, First Avenue and 58th Street, Brooklyn.
SAN FRANCISCO, CAL.
Major L. J. Harris, The Presidio.

up by the President's reorganization orders, namely, the Federal Works Agency and the Federal Security Agency. Apparently the single but practically fatal flaw in the plan today is that the funds requisite to this new step toward centralization were not released by the Secretary of the Treasury. It has been reported that this neglect was due in part to the Procurement Division's own desire to improve its knowledge about Federal purchasing before putting so drastic a plan into full effect. There have also been administrative difficulties however and at the moment the drive toward realization of the principle is still very definitely on.

Decentralization still being the dominant note of the purchasing set-ups of most of the Government departments,

it seems desirable from the standpoints both of the man who wants to sell and of the Government that might possibly buy, for offers to be channeled through field purchasing offices to the fullest extent possible. Aside from the persuasiveness of the facts, a preference for this procedure has been expressed in official quarters as well. Bids on staple goods could be taken in stride by experienced local purchasing agents. Those of a specialized nature, raising technical problems, would find their way to the proper headquarters.

A directory of Army and Navy field buying offices appears on pages 12 and 13; an extra-routine Army list, page 16.

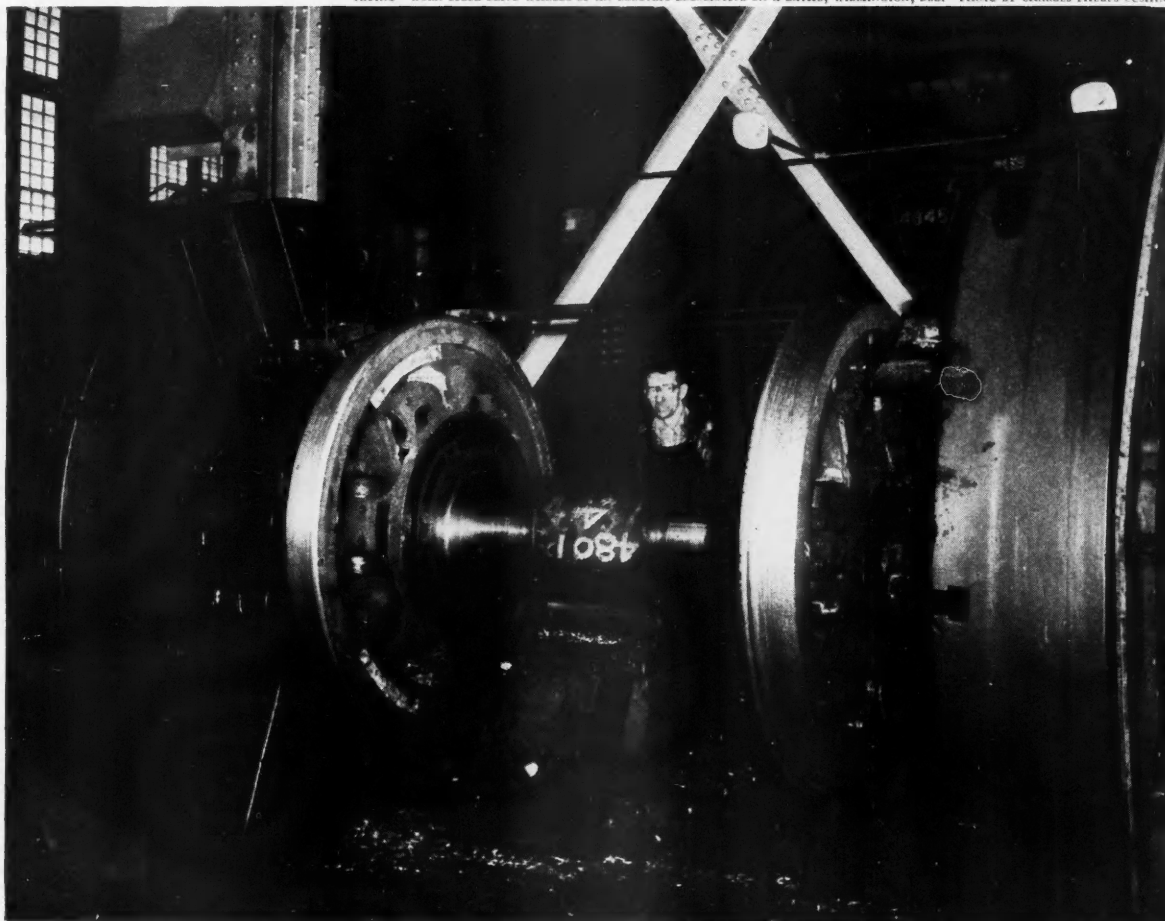
In a period of rapid development such as the present, military personnel

is subject to change. In all cases therefore it is advisable to follow the name of the officer being addressed with the words "In charge of purchasing."

The establishment of field offices by the Treasury's Procurement Division for the use of emergency agencies primarily and of all agencies potentially, warrants their inclusion in the field directory; the present organization also appears on pages 12 and 13.

Obviously, something is amiss in the portrait that has just been painted of the Government as a business man. If we had a dictator and he wanted to go to war, our present procurement system does not seem to be one that he would deliberately create. As suggested here and there in the narrative, the present system is not supposed to be inspired.

"TRUING" WORN STEEL DRIVE WHEELS OF AN ELECTRIC LOCOMOTIVE ON A LATHE, WILMINGTON, DEL.—PHOTO BY CHARLES PHELPS CUSHING



VOLUME OF PURCHASES BY AGENCIES OF THE FEDERAL GOVERNMENT BY CLASSES OF

(Report of the Procurement Division Group, Treasury Department Sub-Committee, Temporary National Economic

RAW MATERIALS—MATERIALS OF WIDE USAGE

R1. Fuel: charcoal, coal, coke, dust, fuels, gas, gasoline, oil (fuel), wood, etc. R2. Oils (illuminating and lubricating), greases, and all lubricants. R3. Electric cable and wire (insulated). R4. Radio and sound-signal apparatus and all accessories. R5. Electric apparatus and all accessories. R6. Blocks; rigging; and all accessories. R7. Cordage: hemp; jute; oakum; twine; including manufactured articles. R8. Rope, wire, and wire, bare; including manufactured articles. R9. Metal in bars (flat, hexagon, octagon, round, square); billets, ingots, pigs, slabs. R10. Metal in plates and sheets. R11. Metal shapes (angles, channels, half-rounds, I-beams, tees, zees, etc.); structural metal. R12. Acids; chemicals; drugs; gases; soaps; abrasive materials; cleaning, cutting, and polishing compounds. R13. Paints; paint ingredients.)

FEDERAL AGENCIES	R1	R2	R3	R4	R5	R6	R7	R8	R9	R10	R11	R12	R13
	\$52,835	\$4,806	\$5,726	\$14,990	\$28,807	\$146	\$14,666	\$2,571	\$14,894	\$9,214	\$10,055	\$10,237	\$5,581
Agriculture	5,102	975	253	135	768	10	65	461	273	179	348	995	421
Commerce	792	77	49	1,019	538	8	16	45	39	25	54	111	133
Interior	3,487	390	241	45	6,825	9	25	209	1,669	270	2,726	514	375
Justice	308												
Labor	142	5		10	12		1		1	1		8	2
Navy	14,403	1,606	2,305	6,245	9,103	25	459	522	6,944	5,433	1,520	2,945	997
Post Office	2,051	50			117		71	4	42	24		63	27
State	1											1	
Treasury	1,453	130	279	474	486	11	57	81	515	51	44	1,063	143
War	15,882	1,012	1,196	6,931	3,969	38	432	821	2,835	2,575	2,540	2,379	1,950
Alley Dwelling Authority	2												
Civilian Conservation Corps	2												
Civil Service Commission					1							1	
District of Columbia Government	595	20	15	4	104	3	5	3	93	28	4	122	39
Farm Credit Administration	1				4							1	
Federal Communications Commission				20	2							1	
Federal Housing Administration	1		1	02	11		1	1				2	5
Federal Power Commission	1				1							1	
Federal Reserve Board					3							2	
Federal Trade Commission					6								
General Accounting Office	7				3		2					1	
Government Printing Office	9								22			1	
Home Owners' Loan Corporation					3							3	
Inland Waterways	690	25	2	13	10	1	50	26	2	7	4	13	15
International Boundary Commission	31	9			4			28	20	3	32	2	2
Interstate Commerce Commission	4	1			2							1	
Library of Congress												1	
Maritime Commission	1,397	17	2	10	31	14	37	39	1	1	19	22	118
National Advisory Committee for Aeronautics	10		4	2	15			1	6	5	3	8	2
National Archives				2	1					1		2	
National Training School for Boys	16				1				1			2	2
Panama Canal	842	51	67	11	276	13	58	80	114	233	112	123	183
Reconstruction Finance Corporation					1							1	
Rural Electrification					4								
Securities and Exchange Commission					6							8	
Smithsonian Institution	9		1		5				1	1		3	3
Social Security Board	5		1		32		1					5	1
Tennessee Valley Authority	388	80	952	52	5,551	5	45	99	171	94	1,486	325	20
Veterans' Administration	1,173	38	11	3	80		7	4	20	16	25	1,083	112
Works Progress Administration	3,913	608	344	14	822	11	132	148	2,425	206	1,137	424	1,023

TRANSPORTATION

(T1. Anchors, anchor chains, and other ground tackle (boat and ship). T2. Motor vehicles; bicycles; trailers; and all accessories. T3. Boats. T4. Boilers and engines (boat, power); and all accessories. T5. Boat and ship fittings. T6. Boat and ship utensils. T7. Railway, dock, and yard equipment; firefighting (meteorological) apparatus. T8. Boilers and engines (power plant, ship); and accessories. T9. Gyro-compasses and all accessories. T10. Vehicles (animal and hand-drawn); and all accessories.)

FEDERAL AGENCIES	T1	T2	T3	T4	T5	T6	T7	T8	T9	T10
	\$388	\$58,037	\$1,853	\$1,820	\$1,356	\$401	\$2,668	\$7,274	\$1,039	\$983
Agriculture	250	5,815	22	31	7		49	15		34
Commerce	11	212	190	276	64	4	40	88		7
Interior	1	3,508	6	19	5	2	95	30		15
Justice		30								
Labor		35			1					
Navy	22	1,270	73	807	497	334	830	6,292	1,021	71
Post Office		758								3
State		1								
Treasury	10	555	60	67	439	8	45	91	12	16
War	59	7,549	1,338	438	274	23	610	370	5	145
Alley Dwelling Authority							1			
American Battle Monuments Commission		1								
Civilian Conservation Corps		2								
District of Columbia Government		179			1		98	7		4
Farm Credit Administration							1			
Federal Housing Administration		1								
General Accounting Office		2								
Home Owners' Loan Corporation		2								
Inland Waterways	6	12		71	17	1	5	77		
International Boundary Commission		19	1							
Interstate Commerce Commission		8								
Maritime Commission	3	3	17	25	6	9	15	62		
National Advisory Committee for Aeronautics		4		1			1			
National Archives		1								
National Labor Relations Board										
National Training School for Boys							1			
Panama Canal	25	109	35	56	5	13	62			
Securities and Exchange Commission								4		
Smithsonian Institution		2					1			
Social Security Board		4					1			
Tariff Commission								1		
Tennessee Valley Authority		471	8	8	36	1	345	5		
Veterans' Administration		149		2			9	16		
Works Progress Administration		37,333	102	19	3	6	459	215		665

COMMODITIES, DECEMBER 1937 THROUGH NOVEMBER 1938—THOUSANDS OF DOLLARS

Committee, July 1939. Figures have been rounded to the nearest thousand; thus, both \$501 and \$1,499 appear below as 1.)

CONSTRUCTION, HOUSING MATERIALS, AND EQUIPMENT

(C1. Furniture. C2. Bathroom and toilet fixtures; and all accessories. C3. Lighting apparatus (non-electric) and all accessories. C4. Fire-surfacing and heat-insulating material. C5. Lumber, timber; barrels, boxes, cases, crates) wooden; railroad-ties; including manufactured lumber. C6. Hardware (builders'; general). C7. Bolts, nuts, rivets, screws, washers. C8. Pipe, tubes, tubing (not-flexible). C9. Pipe fittings. C10. Building material: Asphalt, brick, cement, glass, granite, gravel, lime, millwork, roofing material, sand, stone, tar, tiling, etc. C11. Tableware (bar racks, crews' mess, hotel, hospital, officers' mess, ship-saloon); aluminumware; chinaware; glassware; silverware. C12. Bakeshop and kitchen apparatus and utensils; aluminum utensils; galley gear; tinware; and all accessories. C13. Ovens, ranges, and stoves and all accessories.)

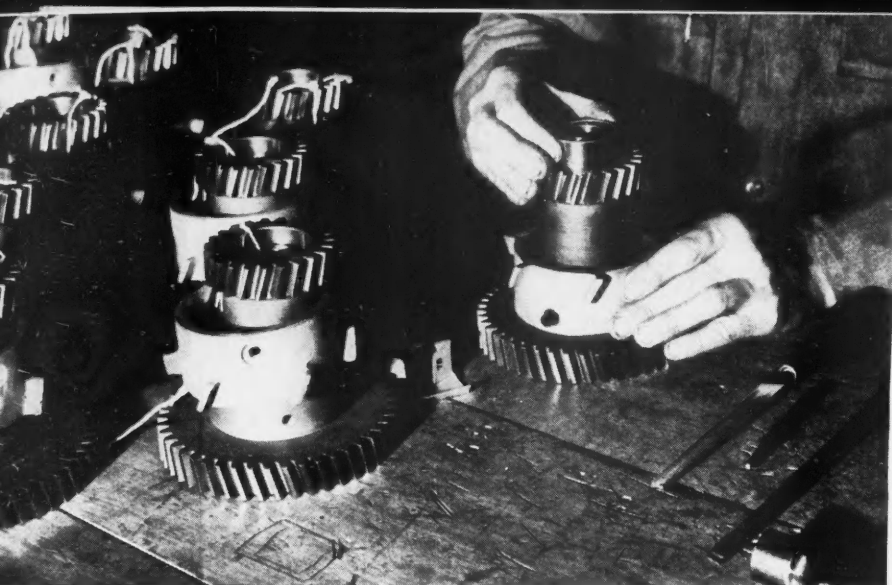
FEDERAL AGENCIES	C1	C2	C3	C4	C5	C6	C7	C8	C9	C10	C11	C12	C13
	\$9,007	\$1,237	\$228	\$1,165	\$18,619	\$5,657	\$1,786	\$18,425	\$4,677	\$85,736	\$1,230	\$974	\$1,358
Agriculture	969	132	32	47	2,045	828	166	733	180	2,233	59	56	96
Commerce	66	11	32	7	195	67	18	82	36	253	5	4	18
Interior	694	125	11	61	1,480	599	111	1,043	387	6,947	41	45	110
Justice	385									1,888			
Labor	54				4	2	1		1	2	1		
Navy	700	159	12	619	2,199	790	809	2,385	1,493	2,811	259	221	141
Post Office	678		1		20	19	6			6	1		
State	190				3								
Treasury	2,258	26	1	15	221	138	46	34	99	823	115	44	15
War	1,280	405	28	237	5,214	1,530	385	1,839	989	10,341	269	372	658
Alley Dwelling Authority	1									29			
Civilian Conservation Corps	5												
Civil Service Commission	25				1								
Commodity Credit Corporation	2												
District of Columbia Government	112	8	2	10	120	32	6	321	192	457	10	5	5
Farm Credit Administration	31				1	1				26			
Federal Communications Commission	9												
Federal Housing Administration	62	4			9	2	1		1	5	1		
Federal Power Commission	22												
Federal Reserve Board	39					3				1	1		
Federal Trade Commission	33					1				1			
General Accounting Office	10				9	1					1		
Government Printing Office	19					1				25			
Home Owners' Loan Corporation	14				3	2							
Inland Waterways	2		1	6	31	4	4	3	8	3	1	1	3
International Boundary Commission	3				42	34	2	7	3	135			1
Interstate Commerce Commission	35												
Maritime Commission	83	2			83	10	5	17	9	48	77	13	1
National Advisory Committee for Aeronautics	4	1			18	4	2	2	2	3			
National Archives	20				1								
National Labor Relations Board	18												
National Training School for Boys	1	1			3			1	1	2	1		
Panama Canal	93	45	12	21	469	52	56	131	61	212	35	66	69
Reconstruction Finance Corporation	31												
Rural Electrification	20				1						1		
Securities and Exchange Commission	53				1								
Smithsonian Institution	8				7	1		1	1	3	3	1	
Social Security Board	351				4	1		1		1	10		
Tariff Commission	4												
Tennessee Valley Authority	24	7		14	447	74	31	366	90	649	4	1	5
Veterans' Administration	195	42		24	98	60	7	90	103	447	254	92	113
Works Progress Administration	403	268	94	102	5,893	1,399	129	11,369	1,021	58,383	80	54	123

TOOLS, MACHINERY, AND PRODUCTION EQUIPMENT

(M1. Pumps and parts. M2. Engine room and fire room fittings, supplies, and tools. M3. Gaskets; hose; packing; rubber (sheet and strip); hose fittings; tubing (flexible); including manufactured articles. M4. Tools, machine (bending rolls; drop hammers; drills; grinders; lathes; milling machines; planers; presses; punches; riveters; rolling machines; saws; shears); and all accessories. M5. Tools, hand. M6. Foundry apparatus; and all accessories. M7. Machinery and equipment.)

FEDERAL AGENCIES	M1	M2	M3	M4	M5	M6	M7	W1	W2	W3	W4	W5	W6	W7
	\$3,902	\$451	\$1,853	\$5,780	\$6,243	\$435	\$43,028	\$34,289	\$1,971	\$99	\$19,978	\$425	\$55,848	\$656
Agriculture	290	11	145	218	572	11	1,886	29	1		445		12	1
Commerce	35	28	24	29	32	4	762		1		4	4	214	1
Interior	332	29	68	139	298	9	6,302	1	3	1	213	2	4	1
Labor	1		1	1	2		1		2		1			
Navy	1,777	183	907	3,087	1,128	214	3,769	27,653	1,464	65	12,526	362	32,950	6
Post Office			5	96	33		837		8		1			
Treasury	41	15	76	63	58	29	390	19	53	6	37	50	1,272	1
War	963	134	393	1,126	864	126	12,127	6,585	437	27	5,285	6	21,247	642
Alley Dwelling Authority							19							
District of Columbia Government	3		10	23	28	2	105		2		2			
Federal Housing Administration				1	2									
Federal Reserve Board				2	1									
General Accounting Office														
Government Printing Office					28		552							
Home Owners' Loan Corporation							1							
Inland Waterways	15	2	12	2	6	3	22							
International Boundary Commission			1	1	4		227							
Interstate Commerce Commission							1							
Maritime Commission	12	33	19	8	9		26		1					
Natl Advisory Committee for Aeronautics	1	1	1	6	2		4						144	
National Archives				5	3		1							
National Training School for Boys		1					2							
Panama Canal	10	2	31	33	58	34	453				18			
Reconstruction Finance Corporation							7							
Smithsonian Institution					2		2							
Social Security Board			1	1	1		1							
Tennessee Valley Authority	84	3	29	92	61	1	2,992	1			113		4	
Veterans' Administration	7	5	17	16	27		179							
Works Progress Administration	331	3	114	840	3,023	3	12,361		1		1,333		1	3

(Continued on pages 22 and 23)



CHARLES PHILIPS CUSHING

Rather frankly in some respects, it is the mosaic-like product of a long series of compromises over the years between practical necessities and the double-coopered desire of (1) human beings (2) in public office to keep control of their own affairs. Sometimes disagreements between the responsible personnel of different agencies have even been suspected of reaching the point of plain jealousy. Officialdom is not all the time making speeches on the nation's need for unity. Its belief in a mighty heaven with perfectly distributed responsibilities, and plenty of grease on the joints could not possibly dispel all personal disagreement as to how such a miracle of performance could be realized. Despite the best efforts of many executives over the past few decades, there is still sometimes a residue of friction even in the purchase of common repetitive articles.

And now the nation's tragically sudden need to rehabilitate its defenses has brought up scientific and administrative problems that lie quite above the level of simple coordination. Our industrial plant is bound to be taxed unevenly by military demands for goods that it is not equipped immediately to make. All over our great productive system, in probably millions of spots by the time all the repercussions have spent themselves, unpredictable adjustments will be necessary. Private plans must

be scrapped, energies diverted to new purposes, and plants and machinery converted or reconstructed. Two words are climactic in defining the problem. The one is "specifications," the other "priorities."

Priority

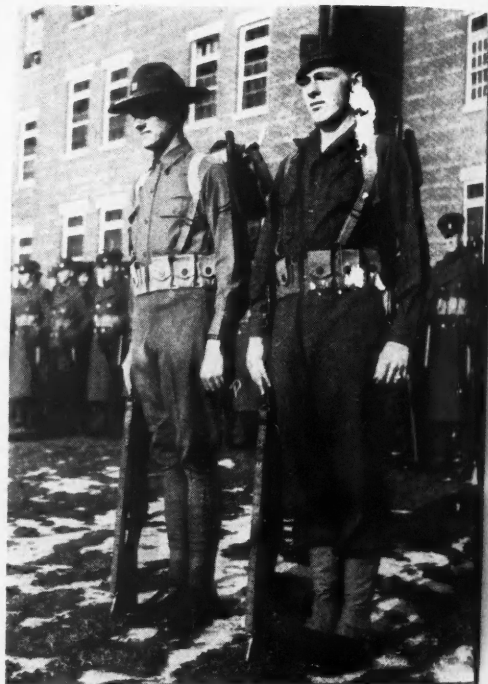
The Army and Navy revised their "Industrial Mobilization Plan" for the last time in 1939 under the pressure of the peril then seen to be taking form. They had their recommendations ready for improved coordination of the implements of war making, ranging from simple purchases to the fearful business of price control. As to "priority" they made the following proposals:

1. Classification ratings for commodities, facilities, and industries to determine the order in which such resources are to be used.
2. Allocations for assigning the productive capacity of individual plants to specified agencies.
3. Licenses, embargoes, permits, and warrants.

The "Industrial Mobilization Plan, Revised in 1939" is by its own testimony essentially "a guide to be available in time of major war" and therefore has not been given full or formal effect. But the problems that it envisaged had to be dealt with. The first solution was to appoint Mr. Donald Nelson as Assis-

⁶ The NESPA Guide, June 15, 1940, p. 2.

tant to the Secretary of the Treasury with the responsibilities of Director of Procurement. "Procurement" however is merely one side to a great purchasing triangle of which the Army and Navy constitute the other two sides. There seems to be general agreement that the Advisory Commission to the Council of National Defense has so far been piling up an excellent record for good sense. One of the decisions contributing to this record was doubtless that of recognizing that the Coordinator of all procurement could deal most amiably and effectively with all agencies if he stood slightly aside and ab-



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stained from identification with any one of them. With this decision the Army and Navy expressed themselves in accord, so Mr. Nelson went over to the Defense Commission proper as "Coordinator of National Defense Purchases." Mr. Clifton Mack came from the ranks to be the new "Director of Procurement."

The order establishing Mr. Nelson's office is worth attention. It reads in part:

The Office for Coordination of National Defense shall, in co-operation with the Advisory Commission:

1. Establish and maintain liaison between the Advisory Commission, the several departments and establishments of the Government and with such other agencies, public or private, as the Coordinator may deem necessary or desirable to insure proper coordination of, and economy and efficiency in, purchases by the Government of supplies, equipment, munitions, and other material requirements essential to the national defense;
2. Determine the most economical and effective methods of purchase of repetitive items common to several agencies and to assign the purchase function to the agency or agencies best qualified to perform it, provided that the War and Navy Departments shall have authority for making purchases necessary for the national defense, subject to such coordination as may be required to establish priorities;
3. Collect, compile and keep current statistics on purchases made by Federal agencies;
4. Coordinate the research in procurement specifications and standardization now conducted by the different Federal agencies;
5. Determine and keep current combined immediate material requirements of all Federal agencies, and estimate future requirements so as to facilitate purchases and to cushion the impact of such orders on the national economy;
6. Review existing laws and recommend to the President such new legislation and simplification of existing legislation as may be necessary to make Government purchasing more efficient and effective;
7. Investigate the necessity for and make recommendations to the President relative to the granting of priority to orders for material essential to the national defense over deliveries for private account or for export.

It will be obvious that the new Coordinator is not expected personally to rush about the country buying up goods, and gratuitous offers of merchandise to him will be misdirected. But competent advice will obviously be helpful in reconciling the many conflicting specifications that will emerge from the activities of large bodies of men such as the Army and Navy. And it is equally certain that different branches of our war establishments are going to be wanting the same goods at the same time in the face of an industrial inadequacy for providing them. To get anything at all, something must come first, and the Coordinator will help decide what it shall be.

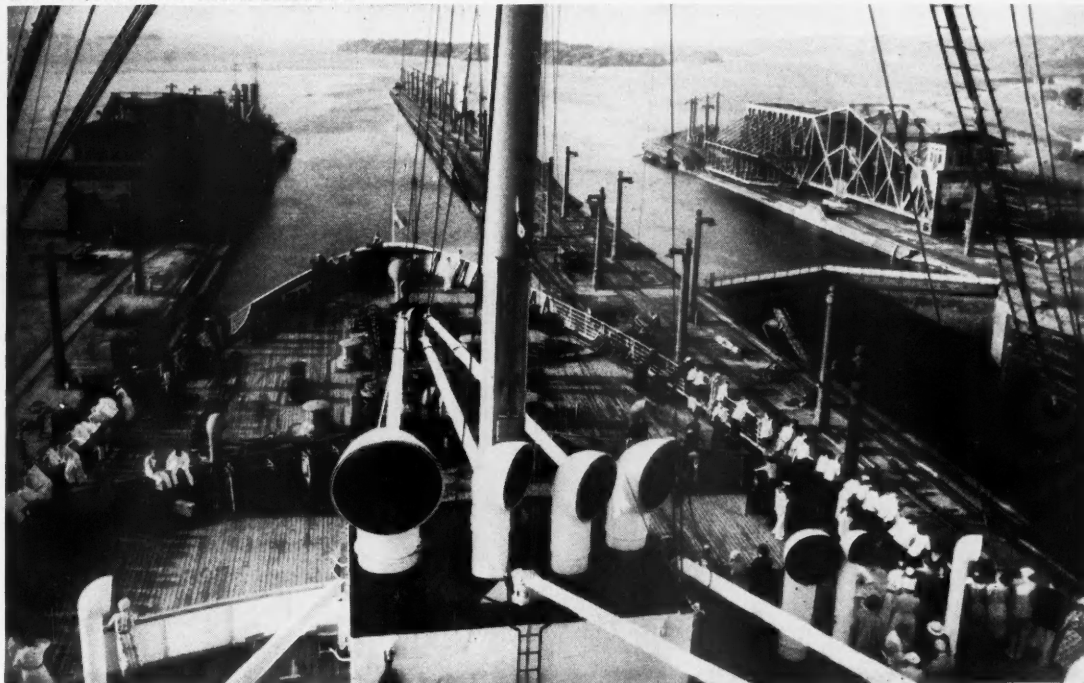
Competition between private and public orders for merchandise is so far a more remote problem, although the raw materials for a good headache on this score are obviously not among our shortages. It will be noticed that the new officer is empowered to make recommendations to the President relative to the granting of priority to orders for war materials over those for private accounts or export. And under an act

approved July 2, 1940, the President is empowered, whenever he deems it in the interests of national defense, to enforce such priorities.⁷ This talk of powers is necessary to a faithful recital of events and their meaning, although it should be added that the main reliance of those expecting an orderly buying performance is not particularly on authority. There seems to be a good deal of confidence in the affected circles that the Coordinator's personal skill at negotiation and his good eye for rational and sensible solutions will dispose of most trouble-making cases without need of resort to "powers."

Export restrictions serve up a still different problem. The responsibility of issuing export licenses has been lodged with Lt.-Colonel Russell L. Maxwell as Administrator of Export Control,

⁷ As of general interest the President has considerable Constitutional authority as Commander-in-Chief of the Army and Navy and Chief Executive Officer to smooth away obstacles to the efficient functioning of our military establishments. And perhaps the most basic source of authority for his actions in the present "non-belligerent" crisis is in the National Defense Act of 1916, which permits him to approve orders of the Council of National Defense appointing designated bodies or individuals to perform specified functions in the interests of national defense. Under the recent order appointing Mr. Nelson as Coordinator of National Defense Purchases and prescribing his powers and duties, as an administrative and organizational matter his line of authority is made to run directly to the President.

GATUN LOCKS, PANAMA CANAL—PHOTO BY HARRIS & EWING



VOLUME OF PURCHASES BY AGENCIES OF THE FEDERAL GOVERNMENT BY CLASSES OF COM-

(Report of the Procurement Division Group, Treasury Department Sub-Committee, Temporary National Economic

MODIT
Committee

OFFICE EQUIPMENT, PAPER, AND PAPER PRODUCTS

(Q1. Blank forms. Q2. Books, blueprints, charts, drawings, libraries, maps, newspapers, periodicals, etc. Q3. Stationery: Bags; books, blank, paper boxes; drafting-room, office, and printers' supplies. Q4. Office equipment: Adding machines, cash registers, file cases, numbering machines, typewriters.)

FEDERAL AGENCIES	Q1 \$2,240	Q2 \$8,443	Q3 \$15,773	Q4 \$8,722
Agriculture	32	639	1,582	1,350
Commerce	15	157	309	226
Interior	60	376	646	504
Justice	..	395	..	..
Labor	9	16	128	78
Navy	11	702	996	698
Post Office	..	3,652	2,003	891
State	..	22	83	47
Treasury	1,032	248	3,174	1,016
War	26	1,012	2,302	1,375
Alley Dwelling Authority	..	..	1	..
American Battle Monuments Commission	..	1	1	..
Civilian Conservation Corps	..	3	2	3
Civil Service Commission	..	1	39	35
Commodity Credit Corporation	37	..	12	6
District of Columbia Government	86	265	150	84
Export-Import Bank	..	..	..	..
Farm Credit Administration	69	4	52	50
Federal Communications Commission	25	10	38	15
Federal Housing Administration	2	9	143	74
Federal Power Commission	8	35	22	24
Federal Reserve Board	6	52	27	15
Federal Trade Commission	..	4	28	27
General Accounting Office	59	2	66	67
Government Printing Office	..	9	16	49
Home Owners' Loan Corporation	125	44	247	136
Inland Waterways	6	2	84	4
International Boundary Commission	2	7	6	7
Interstate Commerce Commission	..	6	77	53
Library of Congress	..	..	6	2
Maritime Commission	20	13	35	43
National Advisory Committee for Aeronautics	..	1	10	7
National Archives	..	3	6	7
National Labor Relations Board	3	40	35	27
National Training School for Boys	..	1	1	2
Panama Canal	..	37	196	53
Reconstruction Finance Corporation	155	18	87	96
Rural Electrification	1	5	21	41
Securities and Exchange Commission	..	28	115	34
Smithsonian Institution	..	4	7	2
Social Security Board	433	74	304	352
Tariff Commission	..	4	12	10
Tennessee Valley Authority	9	203	145	40
Veterans' Administration	2	31	328	103
Works Progress Administration	7	308	2,228	1,069

SERVICE

(S1. Electric service. S2. Telephone service. S3. Miscellaneous services. S4. Exchange allowances. S5. Gas service. S6. Water service. S7. Telegraph service. S8. Drayage services.)

	S1	S2	S3	S4	S5	S6	S7	S8
	\$13,289	\$7,290	\$35,712	\$6	\$2,125	\$2,101	\$1,639	\$26,912
Agriculture	357	1,031	4,855	..	45	58	932	1,826
Commerce	473	143	963	..	18	19	17	336
Interior	1,285	396	3,523	..	128	72	88	3,576
Justice	305	460	..	..	..	..	..	198
Labor	18	123	172	..	3	20	36	40
Navy	582	168	3,829	..	319	629	27	3,106
Post Office	2,588	44	1,113	..	162	299	5	871
State	..	16	6	..	..	..	2	10
Treasury	718	687	1,280	..	100	123	65	1,070
War	3,717	737	12,818	..	1,286	845	150	9,998
Alley Dwelling Authority	..	..	29	..	..	1	..	..
American Battle Monuments Commission	..	..	..	..	..	..	..	..
Civilian Conservation Corps	..	1	1	..	..	..	1	3
Civil Service Commission	..	11	16	..	..	..	2	45
Commodity Credit Corporation	..	1	3	..	..	..	1	5
District of Columbia Government	358	58	15	..	33	5	1	55
Export-Import Bank	..	1	..	..	..	..	..	..
Farm Credit Administration	..	19	26	..	..	..	4	14
Federal Communications Commission	..	12	4	..	..	..	1	18
Federal Housing Administration	8	105	26	..	..	..	10	57
Federal Power Commission	1	9	5	..	..	..	3	2
Federal Reserve Board	19	28	26	..	..	..	144	20
Federal Trade Commission	..	12	4	..	..	..	1	9
General Accounting Office	10	7	28	..	..	..	1	1
Government Printing Office	91	4	..	..	..	..	..	1
Home Owners' Loan Corporation	64	256	233	..	1	1	18	103
Inland Waterways	35	26	..	..	..	4	7	..
International Boundary Commission	1	4	20	..	..	1	1	42
Interstate Commerce Commission	1	29	80	..	..	..	5	7
Library of Congress	..	4	..	..	..	..	..	1
Maritime Commission	3	63	23	..	..	21	8	44
National Advisory Committee for Aeronautics	41	3	1	..	..	..	..	4
National Archives	..	5	7	..	..	..	..	..
National Labor Relations Board	2	44	8	..	..	..	17	9
National Training School for Boys	3	1	1	..	1	..	..	..
Panama Canal	..	2	8	..	..	..	2	..
Reconstruction Finance Corporation	20	101	101	..	..	..	30	12
Rural Electrification	..	19	1	..	..	..	11	1
Securities and Exchange Commission	4	45	..	..	..	4	3	15
Smithsonian Institution	21	3	5	..	..	..	..	6
Social Security Board	40	158	1,018	..	..	..	18	6
Tariff Commission	..	2	..	..	..	..	..	5
Tennessee Valley Authority	1	5	951	..	..	1	154	..
Veterans' Administration	1,762	188	..	..	..	..	28	86
Works Progress Administration	758	2,260	4,509	6	27	..	..	4,370

TEXTILES AND WEARING APPAREL

(A1. Flags, bunting. A2. Duck; canvas; tentage; including manufactured articles. A3. Dry goods: Bedding, buttons, curtains, cushions, draperies, findings, floor coverings, linoleum, notions, oilcloth, textiles, trimmings, upholstery materials, yarns, etc. A4. Textile clothing; knitted goods. A5. Badges, insignia, medals, etc. A6. Boots; shoes; leather and rubber clothing. A7. Caps; hats; gloves; men's and women's furnishings.)

FEDERAL AGENCIES	A1 \$190	A2 \$2,276	A3 \$26,380	A4 \$27,347	A5 \$226	A6 \$7,829	A7 \$2,155
Agriculture	9	136	201	39	9	13	3
Commerce	2	9	44	7	1	5	..
Interior	17	49	609	247	2	50	30
Justice	..	..	..	..	..	..	480
Labor	2	1	8	1	..	..	..
Navy	41	683	4,047	1,979	78	846	63
Post Office	21	734	95	..	..	..	..
State	1	..	..	..	..	..	..
Treasury	15	24	241	396	6	17	10
War	37	470	8,229	8,491	122	5,970	1,373
American Battle Monuments Commission	1	..	..	..	..	..	..
Civil Service Commission	..	..	1	..	..	..	..
District of Columbia Government	2	5	107	101	1	27	5
Farm Credit Administration	..	..	4	..	..	..	..
Federal Housing Administration	..	..	8	..	..	..	..
Federal Power Commission	..	..	1	..	..	..	..
Federal Reserve Board	..	..	5	1	..	..	..
Federal Trade Commission	..	..	24	..	..	..	..
General Accounting Office	..	..	2	..	..	..	..
Government Printing Office	..	..	89	..	..	..	..
Home Owners' Loan Corporation	..	..	3	..	..	..	..
Inland Waterways	1	19	11	..	..	..	..
International Boundary Commission	..	..	6	..	..	..	..
Interstate Commerce Commission	..	..	2	..	..	..	..
Maritime Commission	3	13	106	14	..	2	..
National Advisory Committee for Aeronautics	..	..	1	..	..	..	..
National Archives	..	..	1	..	..	..	..
National Training School for Boys	..	..	4	8	..	2	..
Panama Canal	2	22	419	51	1	244	132

FARM PRODUCTS AND EQUIPMENT

(F1. Tobacco products, accessories. F2. Food: Groceries, ice, provisions. F3. Forage; bulbs, plants, trees, seeds. F4. Livestock. F5. Farm implements and all accessories.)

	F1 \$3,438	F2 \$127,552	F3 \$5,694	F4 \$1,221	F5 \$1,927
Agriculture	9	1,529	1,835	38	327
Commerce	..	521	5	3	9
Interior	39	2,836	392	175	106
Justice	..	1,291	101	..	..
Labor	..	12	..	..	..
Navy	1,018	28,114	32	..	71
Post Office	..	43	..	..	5
State	18	2,207	52	67	23
Treasury	1,832	74,977	2,487	606	120
War	..	..	..	..	..
American Battle Monuments Commission	..	..	..	..	..
Civil Service Commission	..	..	..	..	..
District of Columbia Government	15	723	51	5	10
Farm Credit Administration	..	..	..	..	..
Federal Housing Administration	..	..	..	..	..
Federal Power Commission	..	..	..	..	..
Federal Reserve Board	..	..	..	..	..
Federal Trade Commission	..	..	..	..	..
General Accounting Office	..	..	..	..	..
Government Printing Office	..	..	..	..	..
Home Owners' Loan Corporation	..	..	..	..	..
Inland Waterways	..	139	..	..	..
International Boundary Commission	..	..	..	..	..
Interstate Commerce Commission	..	..	..	..	..
Maritime Commission	36	295	..	..	..
National Advisory Committee for Aeronautics	..	..	..	..	..
National Archives	..	..	..	..	..
National Training School for Boys	1	57	9	..	..
Panama Canal	247	3,263	80	..	17

ODITIES, DECEMBER 1937 THROUGH NOVEMBER 1938—THOUSANDS OF DOLLARS—Continued
 mmittee, July 1939. Figures have been rounded to the nearest thousand: thus, both \$501 and \$1,499 appear below as 1.)

TEXTILES AND WEARING APPAREL (Continued)

	A1	A2	A3	A4	A5	A6	A7	F1	F2	F3	F4	F5
struction Finance Corporation	..	..	2	..	..	..	..	..	..	..	..	..
Electricification	..	..	..	..	..	..	..	..	2	..	..	..
ities and Exchange Commission	..	..	7	..	..	..	..	..	..	..	..	..
sonian Institution	..	..	1	..	..	..	1	..	26	9	3	..
Security Board	..	..	19	..	..	..	..	..	..	..	..	..
essee Valley Authority	..	3	60	12	1	15	4	25	248	4	..	5
ans' Administration	19	5	807	479	..	9	20	199	9,275	112	..	133
s Progress Administration	18	101	11,215	15,519	4	629	33	..	1,994	524	324	1,089

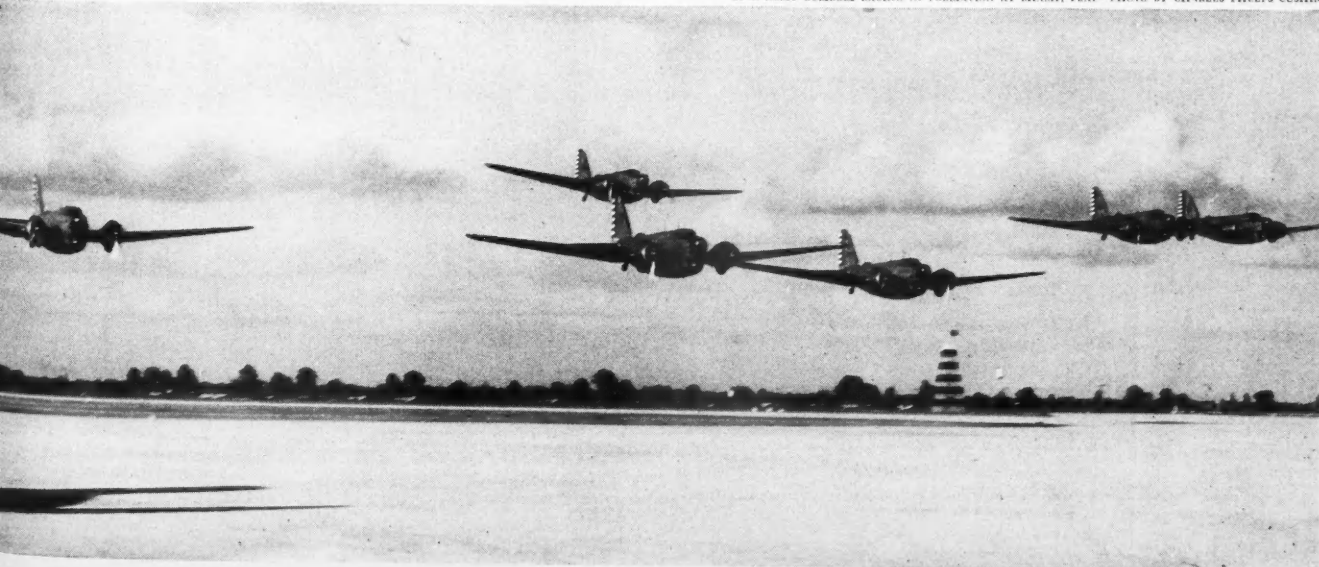
FARM PRODUCTS AND EQUIPMENT

ALL OTHER PURCHASES

(X1. Instruments of precision and all accessories. X2. Toilet articles and all accessories. X3. Leather: Belting, harness, saddlery, including manufactured leather articles. X4. Musical instruments; music; and all accessories. X5. Athletic equipment, recreational apparatus, sporting goods, special wearing apparel. X6. Brooms, brushes. X7. Hospital, laboratory, and surgical apparatus; and all accessories. X8. Articles of special value: Bullion, jewelry, museum collections, paintings, precious metals and stones, statuary, works of art, etc. X9. All Other.)

	X1	X2	X3	X4	X5	X6	X7	X8	X9
DERAL AGENCIES	\$7,241	\$1,452	\$599	\$235	\$1,409	\$1,468	\$5,595	\$937	\$1,775
ulture	1,103	26	40	2	6	41	275	86	..
nerce	319	2	5	..	..	9	44	7	..
or	335	76	53	17	39	53	389	11	29
..	..	..	..	..	..	..	..	..	1,702
..	15	4	2	..	..	2	1	9	..
..	2,473	248	130	48	662	421	828	128	..
Office	5	34	18	..	..	61	..	1	..
..	..	..	..	..	..	..	..	6	..
ary	276	35	10	4	13	41	946	43	32
..	1,931	653	250	117	46	516	989	92	..
ican Battle Monuments Commission	3	..	..	..	..	..	..	..	..
Service Commission	5	..	..	..	..	..	..	..	..
modity Credit Corporation	29	..	..	..	..	..	..	..	..
t of Columbia Government	44	17	4	8	31	16	56	22	..
Credit Administration	2	1	..	1	..	..	..	1	..
al Communications Commission	4	..	..	..	..	..	..	..	..
al Housing Administration	32	..	2	..	..	..	..	1	..
Power Commission	5	..	..	..	..	..	..	..	..
al Reserve Board	3	..	..	..	..	1	..	..	..
al Trade Commission	5	..	1	..	..	..	..	..	..
al Accounting Office	7	2	..	..	..	..	4	..	..
ment Printing Office	30	..	..	..	..	..	1	..	..
Owners' Loan Corporation	7	1	1	..	..	..	..	..	5
Waterways	3	..	..	..	..	1	..	..	..
ational Boundary Commission	4	..	..	..	..	..	..	..	..
ate Commerce Commission	13	..	1	..	..	..	..	..	..
of Congress	9	..	..	..	..	..	..	..	..
ne Commission	9	1	1	1	3	7	2	1	..
al Advisory Committee for Aeronautics	25	..	..	..	..	1	1	..	..
al Archives	6	..	..	..	..	..	..	..	..
al Training School for Boys	..	..	2	1	..	..	..	..	..
a Canal	26	106	29	4	54	38	58	9	..
struction Finance Corporation	..	1	..	..	..	..	..	..	..
Electricification	9	..	..	..	..	..	..	1	..
es and Exchange Commission	18	1	1	..	..	..	..	..	..
sonian Institution	2	1	..	..	..	1	2	3	..
Security Board	87	4	2	..	..	1	1	4	..
Commission	1	..	..	..	..	..	..	..	..
ee Valley Authority	68	6	8	..	14	4	53	..	..
s' Administration	16	145	2	1	125	126	1,429	16	..
Progress Administration	313	85	35	31	417	129	513	494	6

U. S. ARMY BOMBERS RACING IN FORMATION AT MIAMI, FLA.—PHOTO BY CHARLES PHELPS CUSHING



to be discharged through the established personnel of a Division of Controls in the State Department. Incidentally some of the distinctions in this area promise to be delicate. No one is going to object greatly to the slapping of an export embargo on aluminum but lowly scrap iron is another matter. It is not as scarce as other commodities essential to national defense, and implications might be read into its deliberate withdrawal from export markets that would not tend to make international relations more serene. Somewhere along the line therefore export license policy would pass out of the area of easy visibility into one of rather fearsome discretion.

Export Ban

Under authority of the Act of July 2 the President has already banned the export of a considerable number of basic materials and products except when authorized by special license. Among them are:*

1. Arms, ammunition, and implements of war as defined in the President's Proclamation No. 2237, of May 1, 1937.

2. The following basic materials and products containing the same: aluminum; antimony; asbestos; chromium; cotton linters; flax; graphite; hides; industrial diamonds; manganese; magnesium; manila fiber; mercury; mica; molybdenum; optical glass; platinum group metals; quartz crystals; quinine; rubber; silk; tin; toluol; tungsten; vanadium; wool.

3. Chemicals as follows: Ammonia and ammonium compounds; chlorine; dimethylaniline; diphenylamine; nitric acid; nitrates, nitrocellulose having a nitrogen content of less than 12 per cent; soda lime; sodium acetate, anhydrous; strontium chemicals; sulphuric acid, fuming.

4. Products as follows: aircraft parts, equipment, and accessories other than those listed in my proclamation of May 1, 1937; armor plate, other than that listed in the proclamation of May 1, 1937; glass, non-shatterable or bullet-proof; plastics, optically clear; optical elements for fire control instruments, aircraft instruments, etc.

5. Machine tools as follows: Metal-working machinery for—(1) melting or casting; (2) pressing into forms; (3) cutting or grinding, power driven; (4) welding.

On July 25 the President amended his proclamation of July 2 to include petroleum products, scrap iron, and other scrap metals among the materials for which export licenses would be required. Naturally, however, the importance of the new restraint will be

* Federal Register for July 4.

determined by the manner of its exercise rather than by simple declaration. It is already common knowledge that export licenses are now required on Class I scrap iron and on aviation gasoline, aviation lubricating oil, and tetraethyl lead.

Long ago, on May 1, 1937, the President restricted exports of arms, ammunition and implements of war.

From a practical standpoint the biggest story of all is yet unwritten. It is not "Who is going to do the buying?" or "What is going to be bought?" but "Who is going to buy what?" To the hopeful seller a clear blueprint of the procurement organization of the Government is merely a maze of choices. His greatest need is to be given the name of the particular agencies, purchasing officers, and addresses to whom he should take his particular samples or ideas. There is no complete edition of such a buyer's guide. But some time ago however, the Treasury Department Sub-Committee, Temporary National Economic Committee, made a study of Government purchasing to which several references have been made in this article. Incorporated in this study was a tabulation of the purchases of dif-

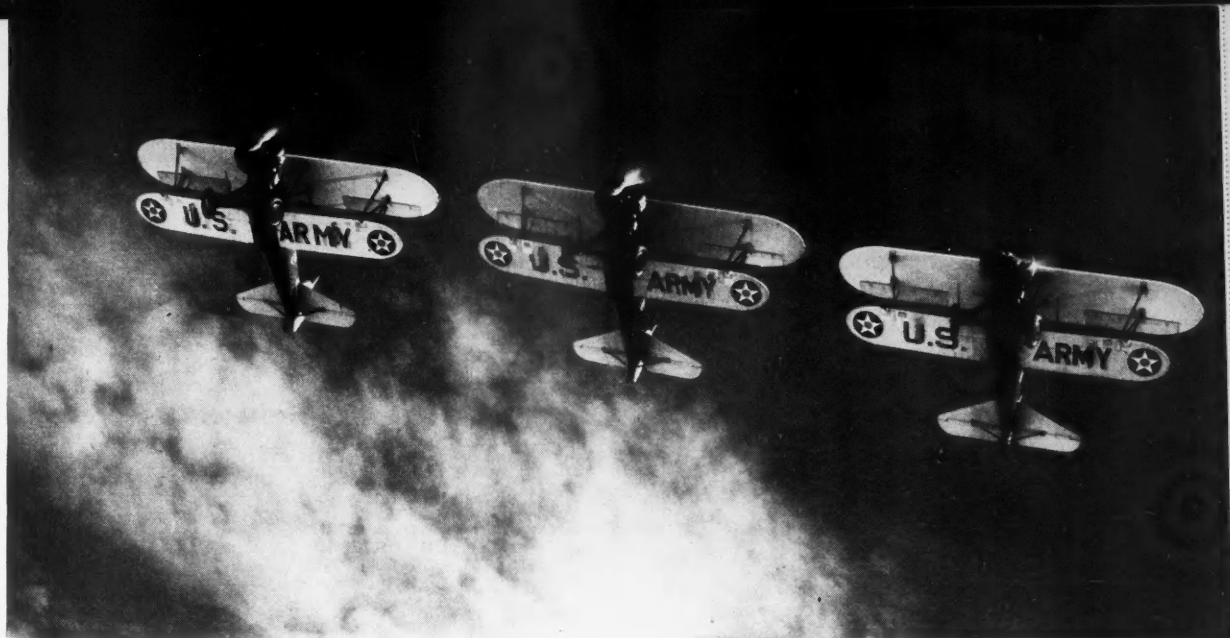
ferent types of goods made by or for the account of the major governmental agencies. For present purposes that tabulation is weak for the reason that the sudden appearance of new billions of Government spending money is bound to change beyond recognition the proportions in which different kinds of merchandise were purchased in 1938. There is still value in it however in the sense that it yields an abundance of clues to the classifications of merchandise which the different governmental units are in the habit of buying. The figures in question therefore have been rearranged and condensed in order to lay this side of their significance uppermost. The new tabulation appears on pages 18, 19, 22, and 23.

Peace 'till War?

The American people are in an odd situation. Constitutionally and historically they have deliberately made it hard for themselves to surrender any of the liberties or practices of peace until war was actually upon them. But in these cruel days there is no such thing as peace one night and war the next morning. The events of our epoch are singularly and grimly integrated.

PHOTO BY H. ARMSTRONG ROBERTS





CHARLES PHELPS CUSHING

The pattern is continuous, and dividing lines that once would have been historical are now merely road markers, when they come to the surface of the record at all.

Today a disturbed people is apparently aware of these truths. At least insofar as the scope of this article is concerned, citizens in the mass may actually be creeping up on the time schedule of their own professional soldiers in readying their country for whatever may betide.

As previously stated, the War Department has a Plan of Industrial Mobilization. Necessarily it was premised on the extension of Federal control over industrial facilities and certain varieties of civil conduct. Out of respect to our traditions it was to be invoked only in "a time of major war." But probably to our own surprise we are not waiting for the tick of time between peace and war that in the present state of the world is just another tick.

Already we have set up a fairly rugged substitute for the full-fledged "War Resources Administration" envisaged in the Army Plan. We are licensing and embargoing exports. Priorities on domestic contracts and orders are authorized. The Government is financing emergency plant expansion and special amortizations of such plants are proposed in a dozen forms. Negotia-

tion of contracts as opposed to the traditional method of bidding for supplies is already with us. Excess profits taxes seem to be in the immediate offing and Congress is seriously debating compulsory peacetime military training. Early allocation of productive facilities to specific military agencies having procurement difficulties is easily conceivable.

The War Plan looked *ahead* to the efficient mobilization of our national "facilities, capital, labor, power, fuel, transportation, and communication." Those words mean interference with individual liberties, and in varying degrees we are giving vitality to them *now*. The forms are still largely the forms of peace, but the action is positive.

Given a continuation of the present

public attitude, it may not be too hard to take some of the remaining preparedness jumps on the near rather than the far side of the dim frontiers between dubious peace and the imminence of war. There is no intrinsic stability to words; the meaning shifts with the times. Even the dreadful phrase "imminence of war" may finally be regarded as having acquired the character of a preventive rather than as a step to inevitability. Should the people accept that construction, the final measures of preparedness—military, industrial, and civil—may be taken if from no other motive than a hope that thereby the final crossing from imminence to reality might somehow be averted. Whether reasoning or rationalization would underlie such a decision, if made, only history can decide.

NAVAL AVIATION SCHOOL, PENSACOLA, FLA.—PHOTO BY HARRIS & EWIN



MAJOR FIELD OFFICES ESTABLISHED FOR EMERGENCY PROGRAM PURCHASING BY EIGHT BRANCHES OF THE ARMY, WITH PARTIAL LISTS OF MATERIALS BEING PURCHASED

For national defense program "emergency" purchasing the War Department has established major field offices in many cities. (For minor current purchases needed by local offices there remain the purchasing and contracting offices located in about 500 Army posts and offices—40 of them large buyers—in the continental United States.) The maps on these pages show for seven Army purchasing agencies the names of cities in which the emergency procurement offices are located and the territory within the jurisdiction of each city office. The agency addresses in each city appear in the tables on pages 12 and 13 listing Army purchasing offices by States. Below each map is a partial list of the commodities which will be needed by each agency. Included further is a list of materials typically sought by the Coast Artillery Corps. This information has been compiled by the Bureau of Foreign and Domestic Commerce of the Department of Commerce, with the collaboration of the War and Navy Departments.



ORDNANCE DEPARTMENT

Procures all items of ammunition, weapons, fire control instruments, tools, machinery and supplies used in the arsenals and necessary for the repair and maintenance of ordnance equipment.

Aluminum and aluminum alloys, bars, plates, rods, shapes, sheets, strips, and castings	Heat-treating furnaces and accessories
Automotive equipment and maintenance supplies	Industrial chemicals
Cartridge brass	Iron and steel: wire, bars, rods, plates, shapes, forgings and castings
Chemical and physical laboratory supplies	Machines and machine tools—lathes, shapers, grinders, etc.
Copper, brass and bronze—wire, bars, rods, plates, strips; castings and forgings	Manufactured metal components
Dies, molds, gages, etc.	Optical instruments and accessories
Electrical supplies—light and power	Packing and shipping materials—lumber, box shooks, strapping, etc.
Electro-plating equipment and supplies	Paints and oils for ordnance material
Explosives and separate explosive ingredients	Spray-painting equipment and supplies
Explosive processing equipment	Weighing scales—sensitive balances—and larger
Gages, dies, etc.	Wood-working machinery and supplies
General maintenance supplies	
General construction supplies—steel, roofing, aggregates, etc.	



CHEMICAL WARFARE SERVICE

Purchases items having to do with toxic gases, gas defense appliances, incendiary war materials and the development of equipment for use in that type of service. The principal purchasing office for normal current supplies is at the Edgewood Arsenal, Edgewood, Maryland.

CERAMICS: stoneware jars, pipe and fittings, pumps, etc.	Brine units, refrigeration
CHARCOAL, activated	Burners, oil
CHEMICALS	Compressors
Acetic acid	Coolers and scrubbers
Acetylene tetrachloride	Flowmeters
Ammonium perchlorate	Furnaces
Aniline	Gages, air, steam, and water
Calcium chloride	Generators, ethylene
Catalyst, carbon monoxide	Holders, gas
Chlorine	Mixers, portable
Chlorosulfonic acid—sulfur trioxide	Pipe and fittings, hard rubber
Ethyl alcohol	Pumps, centrifugal, sump, and vacuum
Hexachlorethane	Pycnometers
Phosphoric acid	Reactors, glass and lead lined
Soda ash	Scales, monorail
Sodium acetate	Screening and pulverizing units
Sulfur monochloride	Tanks, measuring
White phosphorus	Tanks, storage, steel, aluminum
Zinc dust	COTTON GOODS
CHEMICAL PLANT EQUIPMENT	Duck, paraffined, olive drab, 62" wide

Felt, cotton and wool
 Print cloth, olive drab
 Thread, cotton, olive drab and black
 Webbing, elastic and non-elastic
 Glass
 Agitators, glass covered
 Buckets
 Lens, laminated (gas mask)
 MACHINES
 Arc welder
 Conveyors
 Cutting
 Drilling
 Hoists, electric
 Lathes, turret
 Motors
 Presses, automatic
 Riveting, automatic
 Sewing, power driven
 MOLDED AND FABRICATED METALS
 Angletubes, aluminum

Angletubes, copper
 Buckles, brass and bronze
 Castings, brass, bronze, and steel
 Elbow nozzles, aluminum
 Guards, outlet valve
 Slides, web strap, brass, bronze
 Tips, clinch, brass
 MOLDED RUBBER, GAS MASK
 COMPONENTS
 Deflectors
 Discs
 Faceblanks
 Gaskets
 Headpads
 Hose elbows
 Hose tubes
 Mouthpieces
 Outlet valves
 PLASTICS
 Guards, outlet valve, molded
 Lens, molded
 Sheet cellulose acetate

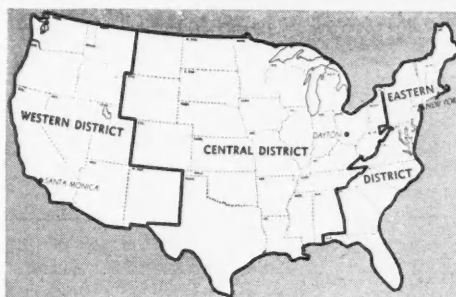


CORPS OF ENGINEERS

The Military Branch buys the materials and equipment used for field work in connection with a mobilized Army. The Non-Military Branch is in charge of the maintenance of the rivers and harbors throughout the country.

Airbrake equipment
 Arches, corrugated steel
 Bags, burlap and canvas
 Belting, rubber
 Blocks, steel
 Boards, drawing
 Boilers
 Books, note
 Boxes, carpenter, etc.
 Bridges, steel
 Buildings, steel
 Burlap
 Cable
 Cameras
 Cars, railroad
 Chests
 Compasses
 Compressors, air
 Cranes, up to 50-ton
 Derricks and dredges
 Engines, gasoline and steam
 Forges
 Generator sets
 Hoists
 Instruments, drawing
 Jacks, 2-ton to 50-ton
 Kettles, melting
 Knives, pocket
 Lathes

Lighters
 Lithographic equipment and supplies
 Locomotives, gasoline and steam
 Machine and machine tool equipment
 Magnifying equipment
 Motors, electric
 Nets, camouflage
 Paper, photographic, printing, etc.
 Photo-engravers' equipment
 Pontoon bridges
 Presses, hydraulic
 Protractors
 Pumps
 Sawmills
 Searchlights
 Shovels, steam and gasoline powered
 Steel, structural
 Steel, tubes, plates, etc.
 Surveying equipment
 Tanks, storage
 Transformers, electric
 Type, printing
 Wagons, dump
 Wire, copper and steel
 Wire netting



AIR CORPS

Purchases all flying equipment and the necessary facilities for operating the air bases. Most Air Corps procurement is handled through the Wright Field office at Dayton, Ohio.

Airplanes
 Airplane equipment
 Airplane parts
 Aviation fuel
 Ground equipment
 Portable lighting equipment
 Portable photographic laboratories
 Other aeronautical supplies and accessories



QUARTERMASTER CORPS

Purchases a great variety of items required by the personnel of the Army, classed as subsistence, clothing, motor vehicles, machinery and supplies, etc. Motor vehicles are purchased through the Detroit office.

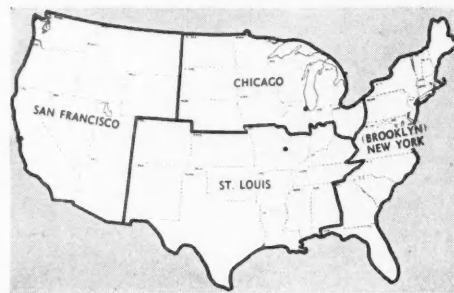
Agricultural implements
 Badges, insignia
 Bacon, dry salt, canned
 Bakeshop apparatus
 Bars, mosquito
 Beef, canned, corned
 Beef, dried
 Beef, fresh, frozen
 Blankets
 Boots, shoes, overshoes
 Bows, ridge poles
 Buttons
 Caps, hats, gloves, men's furnishings
 Coats, rubber, firemen's
 Clothing, textile, except Alaskan
 Clothing, Alaskan
 Cooking outfits
 Covers, mattress
 Fire-fighting apparatus
 Flags

Flour
 Furniture, mess
 Furniture, office; filing equipment
 Furniture, excepting above
 Harness, saddlery, pack equipment
 Hash, canned
 Headnets
 Helmets, firemen's
 Housewives (sewing kits)
 Individual equipment
 Kitchen apparatus
 Lamps, electric, incandescent
 Lasts, shoe
 Leather
 Lighting apparatus, non-electric
 Machinery and equipment for motor transport shops
 Machines, horse clipping, motor drive

(Concluded on the following page)

Machines, horse clipping, hand powered
Malt syrup
Matches, safety
Mattresses
Musical instruments
Nurses' clothing
Office labor-saving devices
Pillowcases
Pillows
Pork
Raincoats
Range equipment, field
Ranges, army, field
Ranges, gas and electric
Rugs
Safes, field
Sausage, canned
Scales

Sheets, bed
Shoes and laces
Soap, saddle
Stoves, heating and laundry
Tables, camp, folding
Tableware
Tape
Thread
Toilet articles
Tools, machine, for motor transport shops
Tools, hand, for motor transport shops
Tools, hand, except above and clippers, horse
Truck covers
Tentage
Vehicles, motor; trailers, bicycles
Vehicles, animal drawn



MEDICAL DEPARTMENT

Purchases all articles required for the treatment of patients and for general hospital use; also for the veterinary service and the inspection of perishable foodstuffs.

Biological products	Mess equipment
Cleaning and preserving equipment	Physiotherapy equipment
Dental equipment, instruments, and supplies	Stationery
Diagnostic instruments	Surgical appliances and supplies
Drugs and chemicals	Surgical dressings
Field equipment, misc.	Surgical instruments (except dental and veterinary)
Hospital furniture and equipment	Textile products
Laboratory equipment	Veterinary equipment and instruments
Laboratory stains	Veterinary supplies
Laboratory supplies, glassware	X-Ray machines and supplies



SIGNAL CORPS

Purchases general equipment for communications, photographic purposes, meteorological studies, etc.

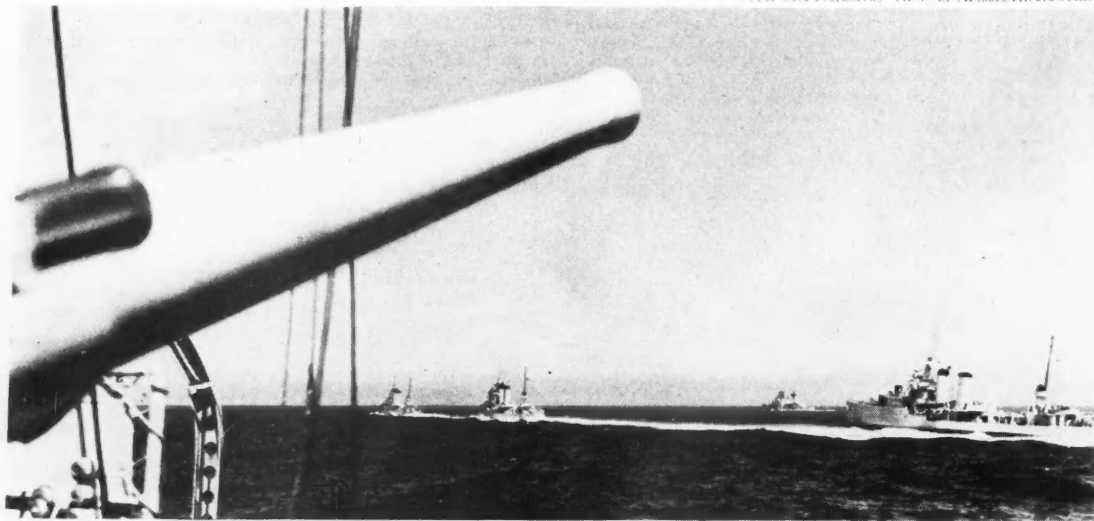
Radio equipment	Photographic equipment
Telegraph equipment	Wire cable
Telephone equipment	Miscellaneous supplies for communications, etc.
Meteorological equipment	

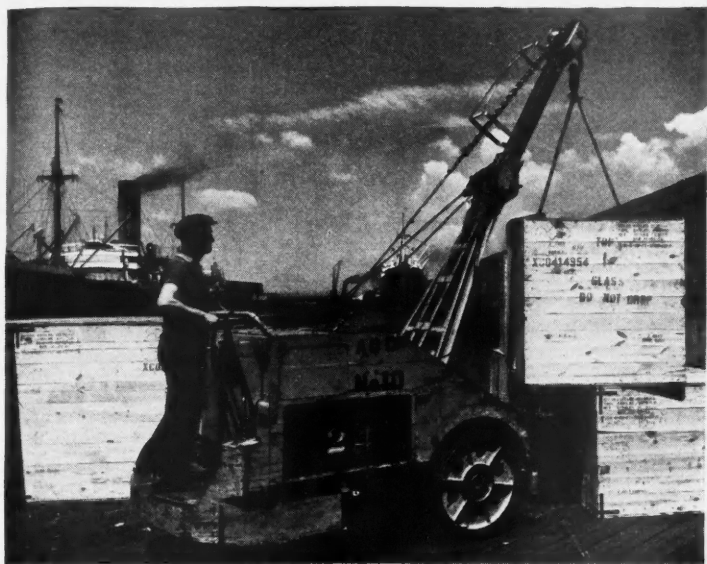
THE COAST ARTILLERY CORPS

Purchases scientific laboratory equipment and submarine mine equipment and supplies. Most materials are furnished by the Ordnance Department, Quartermaster Corps, etc., but the Coast Artillery Corps, largely through its Field Office at Fort Monroe, Va., purchases also:

Mooring rope
Scientific laboratory equipment
Submarine mine equipment and supplies

U. S. NAVY DESTROYERS—PHOTO BY CHARLES PHILIPS CUSHING





BUSH TERMINAL, BROOKLYN, N. Y.—PHOTO BY CHARLES PHELPS CUSHING

LATIN AMERICAN TRADE WINDS—1940

A. O. STANLEY
Manager, Foreign Sales Department
DUN & BRADSTREET, INC.

EARLY in 1938 some hint of things to come appeared in the sudden rise of American exporters' inquiries for credit information on Latin American accounts. Many Latin American buyers were frank to admit that armament activity in Europe was worrying them.

At the same time the inability of numerous European manufacturers (then diverting their efforts to production of military requirements) to maintain volume shipments was reducing the stocks of their overseas distributors. The impact of Europe's preparation for war was reflected in Latin America first in test orders and then in progressively increasing purchases from the United States.

The recent sales trend in certain of our Latin American markets has been remarkable. To many American manufacturers these questions have become

of increasing importance: Which of the 24 markets in Latin America offer the best immediate sales possibilities? To what extent will exchange controls affect sales development? How permanent an outlet is Latin America for our manufactured goods?

Inquiries and Sales

A study of credit inquiries and of sales for the first four months of 1940 shows a definite parallel trend in nineteen of 24 Latin American markets. Of this group, ten markets (Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, Haiti, Puerto Rico, Uruguay, Venezuela, and the British, French, and Dutch West Indies) show a rather close agreement in the degree of rise or fall of inquiries and sales. In the remaining nine markets (Argentina, Bolivia, Brazil, the Guianas, Mexico, Panama, Paraguay, Peru, and Salva-

dor) the direction of trend of exports and credit inquiries is similar, but there is a wide variance in the percentages of change.

In the other five markets (Cuba, Guatemala, Honduras, Nicaragua, and the Virgin Islands) the trend of inquiries and sales run in opposite directions, but the first four reveal only a limited spread between plus and minus percentages. The Virgin Islands comprise the only area where credit inquiries and sales show sharply divergent movements.

It seems that within reasonable limits the movement of credit inquiries has a relationship to immediate sales possibilities.

For the first four months of this year, sales to Latin America were almost equal to those in the first six months of 1939. The sharp rise was concentrated in Brazil, Argentina, Panama, Chile,

I. LATIN-AMERICAN TRADE BAROMETER—RECENT CREDIT INQUIRIES TO DUN & BRADSTREET, INC.,† COMPARED WITH 1939-1940 EXPORTS

COUNTRY	SALES TREND 1939-1940	INQUIRY TREND 1939-1940		EXCHANGE CONTROLS IN FORCE
	First Four Months Per Cent Change	First Four Months Per Cent Change	First Six Months Per Cent Change	
Argentina	+133	+203	+295	*
Bolivia	+43	+23	+44	*
Brazil	+810	+67	+80	*
Chile	+105	+121	+155	*
Colombia	+14	+10	— 1	*
Costa Rica	+23	+26	— 33	*
Cuba	+14	— 11	— 9	
Dominican Republic	+6	+5	+4	
Ecuador	+98	+106	+90	*
Guatemala	+19	0	— 3	
The Guianas	+85	+25	+25	*
Haiti	+6	+3	— 15	
Honduras	+15	0	— 10	*
Mexico	+23	+7	+7	*
Nicaragua	+18	— 3	+13	*
Panama	+134	+16	+12	
Paraguay	+87	+31	+58	*
Peru	+45	+74	+59	
Puerto Rico	+32	+16	+13	
Salvador	+25	+65	+41	
Uruguay	+236	+166	+298	*
Venezuela	+32	+28	+37	*
Virgin Islands	— 15	+55	+93	
British, French, Dutch West Indies	— 17	— 11	— 18	*

† Inquiries are those made by United States exporters on Latin-American customers, actual and potential.

Uruguay, Ecuador, Bolivia, the Guianas, and Paraguay. In all of these markets except Panama recent inquiries have been up substantially over last year. Venezuela, Peru, and Salvador are also within this group but credit inquiries on their importers show a less accelerated increase.

In the past nine years during which Latin American governments have resorted to exchange controls to control the flow of goods and money, our trade with Latin America has generally prospered. Today, in nine of the current twelve most active markets (Brazil, Argentina, Chile, Uruguay, Ecuador, Bolivia, the Guianas, Paraguay, and Venezuela) exchange controls are in force, but recent statistics show a rising level of purchases from the United States. Conversely, four of the free exchange markets are among those on which credit inquiries about importers have been falling off.

Dollar Exchange

Nonetheless, the importance of exchange controls should not be dismissed lightly for in some markets they have been accompanied by a reduction of sales, specifically in Colombia and the British, French, and Dutch West Indies. In Colombia, shortage of dollar exchange and a recently adopted import quota system have had their effect on sales. In the British, French, and Dutch West Indies sales have declined in similar fashion too because of the parent countries' need of conserving dollar exchange.

While no man can measure the ultimate effect of the powerful political and economic forces at work in the world today, it is sufficient to point out that we now possess a far greater knowledge of our Latin American markets and an improved export technique which should stand us in good stead. And in the face of both economic and political strains the toughness and resilience of our economic ties with Latin America seem demonstrated by the general rise in our trade with it over the past thirty years.

II. UNITED STATES EXPORTS TO LATIN AMERICA, FIRST MONTHS OF 1939 AND 1940, AND THE EXTENT OF AGREEMENT BETWEEN VOLUME OF EXPORTS AND OF CREDIT INQUIRIES ON LATIN-AMERICAN ACCOUNTS.*

COUNTRY	First Four Months, 1940 Dollars	First Six Months, 1939 Dollars	1939-1940 COMPARISONS			
			Increase in Exports	Increase in Credit Inquiries	Decrease in Exports	Decrease in Credit Inquiries
Brazil	40,059,851	33,367,148	*	*	..	..
Argentina	38,451,022	27,560,705	*	*	..	..
Puerto Rico	31,879,861	35,556,900	..	..	..	..
Mexico	30,585,697	39,037,906	..	..	..	..
Cuba	29,048,734	36,479,642	..	..	..	*
Venezuela	24,636,354	28,817,250	..	*	..	..
Colombia	18,928,141	25,519,492	..	..	..	*
Panama	18,650,929	12,374,834	*	..	..	..
British, French, Dutch West Indies	15,830,758	28,859,032	..	..	*	*
Chile	14,097,348	11,650,884	*	*	..	..
Peru	7,874,671	8,216,139	..	*	..	..
Costa Rica	3,344,564	4,048,132	..	..	..	*
Uruguay	3,298,251	1,466,038	*	*	..	..
Guatemala	3,287,364	4,012,553	..	..	..	*
Ecuador	2,744,704	2,172,657	*	*	..	..
Bolivia	2,501,537	2,448,647	*	*	..	..
Honduras	2,228,139	2,724,305	..	..	..	*
Dominican Republic	2,082,689	3,037,927	..	..	..	..
Nicaragua	1,681,772	2,004,861	..	..	..	..
Salvador	1,553,107	1,809,717	..	*	..	..
Haiti	1,506,731	2,262,488	..	..	..	*
The Guianas	1,071,399	890,602	*	*	..	..
Virgin Islands	637,885	1,082,852	..	*	*	..
Paraguay	504,419	364,036	*	*	..	..
Total	296,485,927	315,764,747	9	12	2	7

* Inquiries are those made by United States exporters on Latin-American customers, actual and potential.

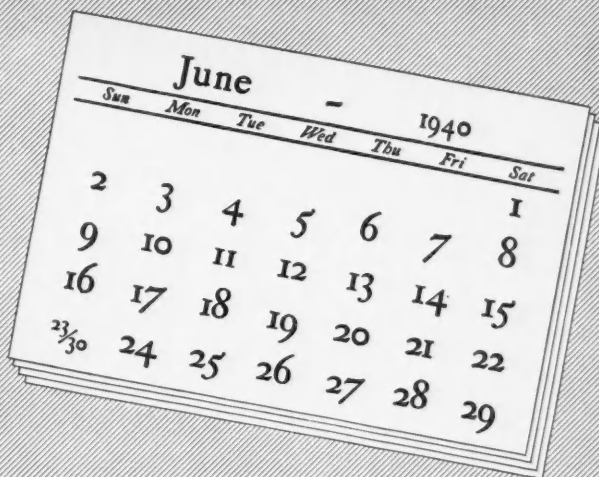


LOADING HENEQUIN, FOR MANUFACTURE OF HEMP ROPE, OFF YUCATAN PENINSULA—PHOTO BY LA VARRE FROM CUSHING



REPUBLICAN CONVENTION AT PHILADELPHIA—PHOTO BY HARRIS & EWING

BUSINESS DIARY



EVENT OF THE MONTH

Republican Convention nominates Wendell L. Willkie, business man, for President; Senator McNary, Oregon, running mate.

DURING THE MONTH

Huge defense bills signed. . . . French Republic surrenders. . . . Export-Import Bank makes loans to Argentina and Ecuador

- 1 BRITISH purchase 50,000,000 bushels of Canadian wheat.
- 2 CENTRAL STATISTICAL BOARD, U. S. Bureau of the Budget, recommends Government agencies adopt 1935-1939 as a uniform base period for general-purpose index numbers.
- 3 TEXAS RAILROAD COMMISSION's authority to prorate oil production in East Texas upheld by U. S. Supreme Court.
- 4 STANDARD OIL CO. OF NEW JERSEY reports production of a new synthetic rubber, Butyl, a companion to Buna, the German synthetic obtained in an exchange of patent rights without cash.
- 7 BRITISH decree all exports must be paid for at official rate for pound sterling, about \$4.02, and refuse licenses for sale in United Kingdom of securities owned by persons outside area where official pound rate prevails. . . . Italy orders merchant marine to neutral ports.
- 8 PRESIDENT signs bill directing Bureau of Labor Statistics to study labor and production costs in mining, manufacturing, transportation, and other industries.
- 10 ITALY, with old-fashioned formality, declares war on Allies. . . . British government takes control of 15,000 selected firms under Conscription of Property Act.
- 12 PRESIDENT signs \$1,308,171,000 naval appropriation bill. . . . CAA authorizes Pan American route from San Francisco to Auckland, New Zealand, 4½ days round trip. . . . SEC establishes experimental unit in San Francisco to assist prospective security issuers in California, Nevada, and Arizona.
- 14 ROOSEVELT signs \$1,823,000,000 Military Establishment Bill. . . . Seven New York State savings banks decrease quarterly interest rate to 1½ per cent, some however, keeping 2 per cent rate on part of depositors' accounts.
- 15 SOVIET troops occupy Lithuania. . . . Louisiana State senator proposes bill forcing all lobbyists to wear red uniforms, green caps, yellow shoes. . . . Finland pays semi-annual debt installment.
- 16 MARSHAL PETAIN, 84, succeeds Reynaud as French Premier. Red army snaps up Latvia and Estonia. . . . General wholesale commodity price index of British Board of Trade has advanced 36 per cent since war begun. . . . Bank of England authorizes £50,000,000 increase in fiduciary notes.

- 17 FRANCE sues for peace. . . . Roosevelt signs bill authorizing 11 per cent increase in Navy; freezes French assets here.
- 19 MINE sinks liner in Tasman Sea.
- 21 CHICAGO geologist's study of layers of the earth's crust indicates we are in a period of draughts that will last until 1990.
- 22 FIFTEEN-WEEK strike of Boston fishing crews and shore handlers ends. . . . Method for keeping lard fresh and unchanged in nutritive value without refrigeration developed by Swift & Co., Inc.
- 24 RUSSIAN army invades Roumania.
- SOVIET increases hours of work per day and inaugurates week of six work days. . . . President signs tax bill expected to raise \$4,692,500,000 in next five years; lowers amount of personal and family exemptions, raises surtax rates, adds a 10 per cent super tax, raises rates on corporate profits, excise, gift, and inheritance taxes, authorizes immediate Treasury borrowing against proceeds. . . . Roosevelt also signs bill which appropriates \$918,603,000 for Department of Agriculture farm benefit and parity payments and for removal of surplus farm products; authorizes \$300,000,000 borrowing program for rural electrification, rehabilitation, and farm tenancy. . . . Pan American's Alaskan Clipper makes maiden flight, Seattle to Ketchikan, Alaska, 5½ hours.
- 26 PRESIDENT signs bill authorizing RFC to finance purchase of strategic war materials. . . . North American Company (utility holding) announces plans for \$90,000,000 expansion and construction program, to be met by own resources.
- REPUBLICANS nominate Wendell L. Willkie for President. . . . Roumania surrenders Bessarabia and Northern Bukovina to Russia. . . . President Roosevelt signs bills appropriating \$1,157,711,357 for relief; additional \$1,762,913,908 for defense.
- 28 BRAZIL to withdraw 25 per cent of 1940-1941 coffee crop from world market. . . . Steamship rates to South Africa go up July 1.
- 30 CUBAN SUPREME COURT forbids sugar shipments through private "sub-ports," forcing movement by rail to first-class ports.



BOSTON DOCKS—PHOTO BY BARTLETT, FROM R. I. NESMITH

THE TREND OF BUSINESS

PRODUCTION PRICES TRADE FINANCE

In July the business recovery continued but at a slower pace. Financial markets marked time, awaiting a clue as to the next developments in Europe. The industrial uptrend leveled off as more plants approached practical capacity; ordering was less active than in June, but backlogs were still growing in defense industries. Retail trade made a strong showing; foreign trade began to reflect the closing of export markets.

ON top of June's spectacular increases in indexes of industrial production and employment, a further rise was recorded in July. Improvement since May has now offset the slackness during the early months of 1940 and industrial activity currently is at the best rate so far this year.

With the near approach to the peak of last December, however, the business trend has tended to flatten out. Compared with a gain of 8 points between May and June, the FRB index is estimated to have advanced only 3 points during July. The flow of new orders

for manufactured goods has diminished somewhat, and while this has not affected backlogs in such industries as aircraft, steel, machinery, and shipbuilding, the slower rate of buying appears to have influenced industrial sentiment against new commitments for raw materials and for plant expansion.

Two obvious signs of the prevailing hesitation are the dullness of commodity and security markets and the unusually low volume of new corporate financing. It is necessary to go back to 1918 to find security share turnover as

small as that recorded in July. Corporate issues for new capital in June, with the exception of one month in 1939, were in the lowest volume in five years.

Concern over the course of action in Europe appears as the most potent factor influencing this hesitation. That the domestic recovery proceeds at a good pace, in spite of current uncertainty, is evident from the reports not only on industrial activity but also on consumer incomes and expenditures. Retail merchants, while reluctant to cover requirements for more than two months ahead, are said to be purchasing quite liberally for this near-term period. Consumers themselves show a heightened interest in durable types of merchandise and in slightly more expensive merchandise: initial results of the mid-Summer furniture and fur promotions are highly satisfactory, as are also the sales figures for the closing weeks of the 1940-model automobile year; home construction, which usually declines in mid-Summer, continues to break recent records.

Industrial activity: Despite the better retail showing recently, there is not yet any significant change in manufacturing activity in consumers' goods lines. Production statistics show that heavy industries still account for almost all of the increase in output since April. From May to June the FRB index of industrial production advanced 8 points to 114 per cent of the 1923-1935 average. In this month the durable goods component went from 98 to 115, the non-durable goods index from 108 to 109.

In many instances non-durable industries reported lower output this June than in June last year although total production—durable and non-durable manufactures, and minerals—was 15 to 25 per cent higher. Activity in shoe, woolen, silk, and apparel lines ran below the level of a year ago. In contrast, steel production this June amounted to 5,533,000 short tons, 57 per cent more than last June; machine tool operations were at 92 per cent of capacity against

66 per cent a year ago; shipbuilding amounted to 1,604,910 tons against 630,340 in 1939.

As significant as the prevailing high rates of activity is the evidence that these are not being achieved at the expense of inventory accumulation. Preliminary returns of the Department of Commerce monthly survey actually reveal a fractional decline in total manufacturing inventories during June. Incoming business again exceeded shipments by a comfortable margin and unfilled orders continued to rise; in durable goods industries, order backlogs were estimated 50 per cent above a year ago.

Consumer incomes: Increased industrial activity was primarily responsible for a rise in income payments during June. With payrolls about \$29,000,000 larger than in May and interest and dividend disbursements higher seasonally, total income amounted to \$6,202,000,000, the largest amount since December. The adjusted index of payments (U. S. Department of Commerce) rose to 87.9 from 87.2 in May.

Living costs again went up in the latest month but still by a smaller margin than the increase in income. Compared with last June, the cost of living index (NICB) was up 2 per cent, the income index more than 4 per cent.

Consumer buying: A sustained volume of retail trade in a period when volume is usually declining testifies to the freer spending mood of consumers. During June sales of passenger cars rose 4 per cent over May, the first such month-to-month gain in five years. Department store sales were unchanged so that the FRB seasonally adjusted index jumped up 6 points to 93. The DUN'S REVIEW trade barometer, which measures not only department store and new car sales but also life insurance and bank debits, advanced fractionally to 91.7 in June.

Preliminary reports for July indicate a continuation of the better-than-seasonal trend.

Industrial Production

Federal Reserve Board Adjusted Index

1923-1925 = 100

	1937	1938	1939	1940
January	114	80	101	119
February	116	79	99	109
March	118	79	98	104
April	118	77	92	102
May	118	76	92	106
June	114	77	98	114
July	114	83	101	
August	117	88	103	
September	111	90	111	
October	102	90	121	
November	88	103	124	
December	84	104	128	

Factory Payrolls

U.S.B.L.S. Index

1923-1925 = 100

	1937	1938	1939	1940
January	94.6	75.3	83.7	98.3
February	100.1	77.5	86.0	97.8
March	105.9	77.6	87.6	98.2
April	109.7	74.9	85.5	96.3
May	110.1	73.2	85.0	96.3
June	107.6	71.1	86.5	97.9
July	105.2	71.1	84.4	
August	108.7	77.3	89.7	
September	104.9	81.6	93.8	
October	104.9	84.2	101.6	
November	93.3	84.4	101.6	
December	84.6	87.3	103.6	

Department Store Sales

Federal Reserve Board Adjusted Index

1923-1925 = 100

	1937	1938	1939	1940
January	93	90	88	92
February	95	88	87	89
March	93	86	88	89
April	93	83	88	89
May	93	78	85	87
June	93	83	86	93
July	92	83	86	
August	93	83	89	
September	94	86	91	
October	93	84	90	
November	91	80	95	
December	89	89	96	

Wholesale Commodity Prices

U.S.B.L.S. Index—1926 = 100

Week	Apr. 1940	May 1940	June 1940	July 1940
I	77.6	78.9	77.8	77.5
II	78.0	78.3	77.4	77.9
III	78.5	78.5	77.4	77.6
IV	79.0	77.8	77.4	
V			77.1	

Industrial Stock Prices

Dow-Jones Index (Weekly Average)

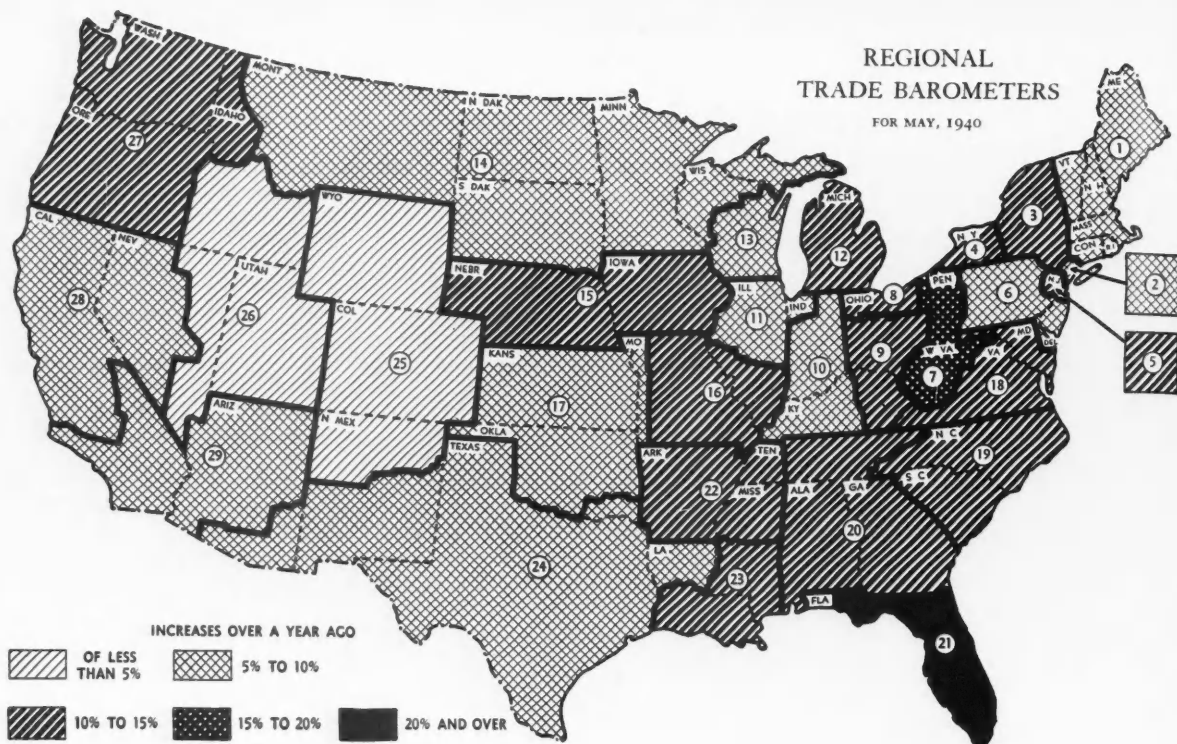
Week	Apr. 1940	May 1940	June 1940	July 1940
I	149.53	147.82	115.55	121.22
II	150.01	146.30	114.88	121.56
III	147.98	128.67	119.14	122.45
IV	148.30	115.79	122.94	122.06
V			121.52	

Foreign trade: Export statistics for June also show contra-seasonal gains, with dollar volume rising 8 per cent over May when a drop in trade is usual. War supplies largely accounted for the increase and it is worthy of note that for the first half of the year six commodities in the armament group—aircraft, non-ferrous metals, steel manufactures, metal-working machinery, munitions, and industrial chemicals—comprised about one-third of all our exports. Despite the higher total exports, adverse effects on our trade of the hostilities abroad are clearly evident. Italy's entry in the war was already reflected in a sharp decline in Mediterranean trade during June; the defeat of France and the British blockade now closes virtually the entire continent of Europe to our shipping.

Prices: Wholesale commodity and stock quotations moved within a narrow range during both June and July. Trading was extremely dull: major commodity markets reported few bookings for other than immediate needs; stock market transactions were the lowest in more than two decades. The weekly index of commodity prices (USBLS) held between 77.1 and 77.9, at about the lowest level of the year. The Dow-Jones industrial stock price index ended July at 125 after touching a low of 115 during early June.

Money and banking: Apathy in financial trading has its reflection in the turnover of money and credit. Except for commercial, industrial, and agricultural loans, which increased by about \$100,000,000 during June and July, there were no signs in Federal Reserve System reports of any material expansion in the use of money.

The banking structure reflects the continued inflow of gold, with reserves reported at \$13,565,000,000 in the week ending July 24 and excess reserves at an estimated \$6,570,000,000. Demand deposits have jumped to \$20,984,000,000, but the velocity or rate of turnover of deposits is at a record low.



RETAIL TRADE FAIRLY STABLE

The United States Trade Barometer rose to 91.7 (preliminary) in June from 91.5 in May. Barometer figures are compiled by Dr. L. D. H. Weld, Director of Research, McCann-Erickson, Inc.; trade information is reported by the branch offices of DUN & BRADSTREET, INC.

CLEARANCE sales and hot Summer temperatures during July contrived to keep retail sales at a level well above last year, although total volume was, as is usual for the season, considerably smaller than in June. In the early part of the month, purchasing for the Fourth of July holiday activities accounted for a good share of total sales, and for the month as a whole, promotions of seasonal ready-to-wear, sporting goods, luggage, and other vacation accessories met with fairly good demand. Increased payrolls in industrial centers stimulated sales, and the largest gains were recorded in these districts, but other areas also compared favorably with the same period of 1939.

Trade throughout the country for the first three weeks of July averaged 4 to 10 per cent higher than the similar period a year ago. Volume in New England was 3 to 7 per cent above last year. Retail activity in the industrial East and Middle West made the best showing, with a 5 to

15 per cent gain over the same weeks of last July. Increases averaging less than 10 per cent were reported in the Northwest, South, Southwest, and Pacific Coast areas.

Consumer buying in June was off from the May level by slightly less than the usual seasonal amount. The preliminary United States Barometer moved fractionally higher, from 91.5 to 91.7, and the year-to-year margin of increase broadened from 9.1 to 10.0 per cent. Retail sales were buoyant during the first three weeks of the month, and stocks were sharply reduced in some lines, but rain and cool weather in many sections during the final week slowed sales. In June, as in the following month, attention was chiefly devoted to sportswear, Summer ready-to-wear, beach accessories, luggage, and other vacation goods.

Increases of more than 10 per cent were reported at some time during the month of June in Eastern, Northwestern,

Middle Western, Southern, and Southwestern areas. New England and the Pacific Coast did not fare so well, and trade in these sections fell below the year-ago comparatives in the final week of the month.

In May all except seven of the twenty-nine regions made gains over the previous month. The largest increases were those recorded in Philadelphia, St. Louis, and Florida regions, where the gains were respectively 10.6, 11.8, and 12.6 per cent. The regions with increases of more than 5 per cent included: Pittsburgh, Cleveland, North and South Carolina, Atlanta and Birmingham, New Orleans, and Salt Lake City. The seven decreases (all less than 5 per cent) occurred in New England, New York City, Detroit, Milwaukee, Minneapolis and St. Paul, Iowa and Nebraska, and Los Angeles territories.

Once again every region compared favorably with the same month last year. Only Florida reported an increase of more than 20 per cent, but gains of more than 10 per cent occurred in fifteen regions. The smallest increase, 2.8 per cent, was recorded in the Salt Lake City region.

(Charts and trade reports for each region begin on next page)

THE MAP AND CHART compare the May, 1940, indexes with those for the same month a year ago. The column at the extreme right of the chart indicates the relative importance of the regions: the figures are percentages of national retail trade from the 1935 Census of Business.

THE INDEXES for the regions are charted, with U. S., from 1938, on pages 36-39. They are composites based on: bank debits (Federal Reserve Board), department store sales (Federal Reserve Board), new car registrations (R. L. Polk & Company), and life insurance sales (Life Insurance Sales Research Bureau). In regions 2, 3, 4, 5, and 14, wholesale sales (Department of Commerce), and in region 2, advertising linage (*Editor and Publisher*), which were found to make those indexes more accurate, are included. In region 15, department store sales have been omitted. Each index is separately adjusted for seasonal variation and for the number of business days in each month. All are comparable. The monthly average for the five years 1928-1932 equals 100. The preliminary figure for the United States is computed one month before regional figures are available.

THE PARAGRAPHS printed opposite the 29 regional charts quote figures for May based on samples of department and retail stores reporting to the Federal Reserve banks; for June and for the first half of July based on opinions and comments of business men in various lines of trade, gathered and weighed by the local DUN & BRADSTREET offices.

REGIONAL TRADE BAROMETERS

REGION	May 1940 Regional Index	May 1940 Compared with May 1939 (%)					Retail 1935 Sales %
		-10	0	+10	+20	+30	
U. S.	91.5					+ 9.1	100.0
1. NEW ENGLAND	79.1					+ 6.6	7.8
2. NEW YORK CITY	75.7					+ 5.3	10.3
3. ALBANY AND SYRACUSE	94.1					+10.4	2.6
4. BUFFALO AND ROCHESTER	81.5					+10.1	1.9
5. NORTHERN NEW JERSEY	83.1					+10.4	2.9
6. PHILADELPHIA	90.6					+ 9.8	6.2
7. PITTSBURGH	89.7					+18.8	3.7
8. CLEVELAND	95.0					+13.0	2.9
9. CINCINNATI AND COLUMBUS	99.8					+11.9	3.1
10. INDIANAPOLIS AND LOUISVILLE	104.8					+ 7.3	2.6
11. CHICAGO	93.6					+ 8.5	6.4
12. DETROIT	89.7					+12.3	4.0
13. MILWAUKEE	90.2					+ 9.9	2.2
14. MINNEAPOLIS AND ST. PAUL	101.7					+ 9.7	4.5
15. IOWA AND NEBRASKA	82.6					+11.9	3.0
16. ST. LOUIS	104.4					+11.8	2.5
17. KANSAS CITY	95.8					+ 5.6	3.6
18. MARYLAND AND VIRGINIA	109.3					+10.7	3.8
19. NORTH AND SOUTH CAROLINA	113.7					+10.7	2.1
20. ATLANTA AND BIRMINGHAM	119.7					+12.4	3.5
21. FLORIDA	135.1					+21.2	1.3
22. MEMPHIS	103.3					+10.5	1.5
23. NEW ORLEANS	108.7					+10.5	1.0
24. TEXAS	114.2					+ 7.3	4.5
25. DENVER	103.6					+ 4.3	1.3
26. SALT LAKE CITY	100.8					+ 2.8	.8
27. PORTLAND AND SEATTLE	95.1					+12.8	2.7
28. SAN FRANCISCO	92.9					+ 6.8	3.4
29. LOS ANGELES	90.1					+ 7.8	3.9

* Preliminary.



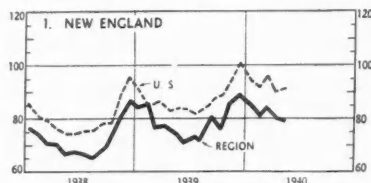
THE REGIONAL TRADE BAROMETERS

These indexes of consumer purchasing are corrected for seasonal variation; the monthly average for the five years 1928-1932 equals 100 (see preceding page). Charts showing the curves since January, 1928, were published in the March,

1940, number and will appear semi-annually. Additional information about the indexes and about their especial usefulness in regional sales quota work, back figures, and data about regional boundaries are available for users of the indexes.

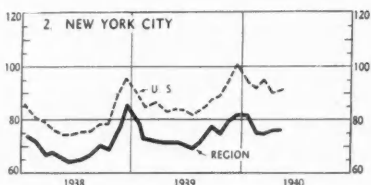
1. NEW ENGLAND

MAY, 79.1 APR., 80.1 MAY 1939, 74.2
MAY—Percentage department store sales changes from previous May: Boston —2, Providence 0, New Haven +1. JUNE—Percentage retail trade changes from previous June: Bangor —8, Portland +2, Manchester-Boston-New Haven-New Bedford 0, Springfield —10, Worcester —3, Providence +3. Wholesale trade decreases: Portland —3, Boston —15, Springfield —10. Rain and cold weather caused some loss to farmers. Payrolls and production steady to above last year. Industries particularly active include machine tools, airplane parts, and woolen mills. Shoe and leather lines continue dull. Collections fair. JULY—Good backlog of orders in industry. Retail trade 3 to 7% above similar week of 1939.



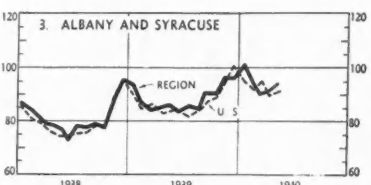
2. NEW YORK CITY

MAY, 75.7 APR., 75.8 MAY 1939, 71.9
MAY—Percentage department store sales changes from previous May: New York-Brooklyn-Westchester-Stamford —1, Bridgeport 0. JUNE—Percentage retail trade changes from previous June: Bridgeport +10, New York City department store sales —2, hotel sales —11 (transient —15, residential —4), parcel deliveries 0. Bank clearings 12% below a year ago in New York City, off 7% in Westchester County. Employment increased in builders' supplies, furs and shoes, metal, chemical, and food product lines, but seasonal losses at clothing and millinery shops made net loss of 2% from a year ago. Collections improved since May. JULY—Retail trade substantially more active than last July. Apparel shows active.



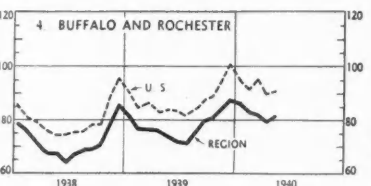
3. ALBANY AND SYRACUSE

MAY, 94.1 APR., 91.5 MAY 1939, 85.2
MAY—Percentage department store sales increases over previous May: Syracuse 14, Northern State 18, Central State 10. JUNE—Percentage retail trade increases over previous June: Albany 10, Binghamton 7, Utica 5, Syracuse 13. Wholesale trade increases: Albany-Syracuse 10. Hay and alfalfa crops unusually heavy due to large amount of rain. Payrolls and production above last June, steady to above level of previous month. Metal trades and allied lines operating close to capacity. Textile orders swelled by Government commitments. Paper manufacturing active. Shoe output 6% above last June. Collections fair to good. JULY—Some increase in activity in all branches of trade and industry.



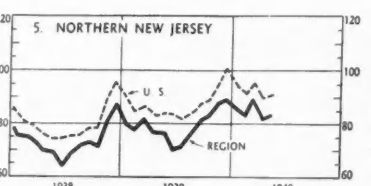
4. BUFFALO AND ROCHESTER

MAY, 81.5 APR., 79.6 MAY 1940, 74.0
MAY—Percentage department store sales increases over previous May: Buffalo 6, Rochester 5, Niagara Falls 13. JUNE—Percentage retail trade changes from previous June: Buffalo +6, Elmira —3, Rochester +5. Buffalo wholesale trade 6% above previous June level. Continued cold weather retarding fruit crop; considerable damage from insects. Payrolls and production above a year ago, steady to improved since May. Fall sales of clothing industry reported satisfactory. Employment 3 to 4% above level of previous June, payrolls up 5 to 7%. Inventories generally higher than a month ago. Collections fair to good. JULY—Retail sales steady with June, 4% above last year. Plant expansion projects under way.



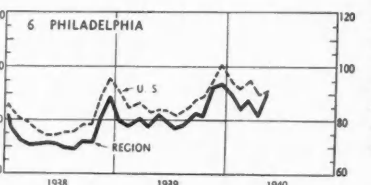
5. NORTHERN NEW JERSEY

MAY, 83.1 APR., 81.8 MAY 1939, 75.3
MAY—Northern New Jersey department store sales 4% above the level of the corresponding month last year. JUNE—Newark retail volume 3% above May, 4% above a year ago; wholesale buying 5% above last June, 10% above previous month. Production and sales steady with May but below last June. Employment and payrolls steady with both last month and last year. Aeronautics line and associated fields evidence increases over last year. Bank clearings 3% below last year in Newark, off 10% for Northern New Jersey as a whole. Collections steady with a year ago in retail and manufacturing divisions, poorer in wholesale. JULY—Paterson airplane engine plants working on 24-hour schedules.



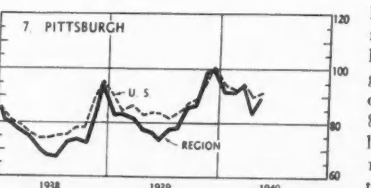
6. PHILADELPHIA

MAY, 90.6 APR., 81.9 MAY 1939, 82.5*
MAY—Percentage department store sales changes from previous May: Trenton +8, Philadelphia +3, Scranton 0, Wilkes-Barre —1, Harrisburg +10, Wilmington +1. JUNE—Percentage retail trade changes from previous June: Trenton +5, Allentown +12, Philadelphia-Williamsport +10, Reading +6, Scranton —3, Wilkes-Barre +2, Harrisburg —5, York +9, Lancaster-Wilmington +8. Philadelphia wholesale trade about 5% above last June. Acreage planted of peas, tomatoes, and other vegetables for canning increased over last year. Payrolls and production steady to above last year. Silk and coal industries active. Silk hosiery production about 40% of capacity. JULY—Retail volume 15% above a year ago. Industry steady.



7. PITTSBURGH

MAY, 89.7 APR., 83.4 MAY 1939, 75.5
MAY—Percentage department store sales increases over previous May: Erie 10, Pittsburgh 9, Wheeling 6, West Virginia State 17. JUNE—Percentage retail trade increases over previous June: Erie 8, Pittsburgh 11, Youngstown 15, Huntington 0, Charleston 9. Wholesale trade increases: Erie 15, (Continued directly opposite)

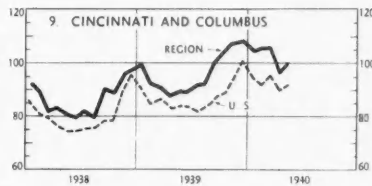
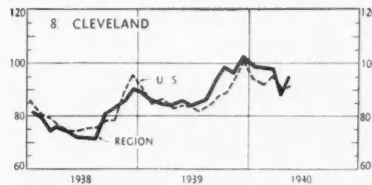


Pittsburgh 13, Charleston 7. Crops retarded by rain; prices of some early farm products slightly higher than a year ago. Payrolls and production generally above last year. Chemical and glass production ahead of June 1939. Steel operations at 82% of capacity, against 70% a month ago. Collections fair to good. JULY—Retail volume 10 to 12% ahead of last year. Wholesale volume larger than a year ago.

8. CLEVELAND

MAY, 95.0 APR., 88.8 MAY 1939, 84.1

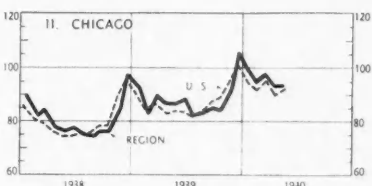
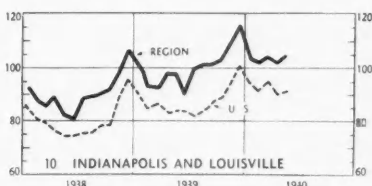
MAY—Percentage department store sales increases over previous May: Cleveland-Toledo 7, Akron 6. JUNE—Percentage retail trade increases over previous June: Cleveland-Akron 13, Canton 28, Toledo 3, Lima 5. Wholesale trade increases: Cleveland 15, Akron-Toledo 3. Agricultural yield situation normal; prices spotty. Payrolls and production steady to above last year, generally steady with May level. Tire production holding up well. Automobile parts plants and metal-working companies unusually active for June. Steel orders in excess of capacity. Employment well above similar month last year. Collections fair. JULY—Bank debits about 17% above last year. Automobile sales steady. Level of employment unchanged.



9. CINCINNATI AND COLUMBUS

MAY, 99.8 APR., 96.8 MAY 1939, 89.2

MAY—Percentage department store sales increases over previous May: Cincinnati 4, Columbus 2. JUNE—Percentage retail trade increases over previous June: Cincinnati-Dayton 10, Springfield-Zanesville 5, Columbus 12, Lexington 2. Wholesale trade increases: Cincinnati 5, Columbus 8. Fruit crop, especially peaches and apples, expected to be below last year because of wet, cold weather. Dairy and poultry products plentiful. Payrolls and production steady to above last year. Machine tool manufacturing continues on a capacity basis. Automobile sales 45% ahead of same month last year. Building construction 56% above 1939. JULY—Retail trade moderately better than a year ago. Wholesale dry goods and notions trade fair.



11. CHICAGO

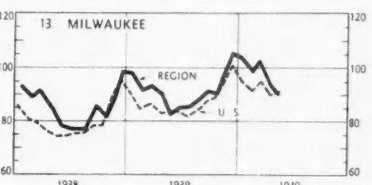
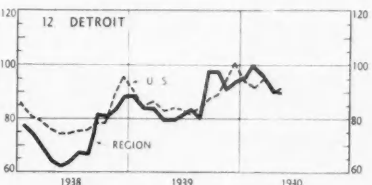
MAY, 93.6 APR., 93.3 MAY 1939, 86.3

MAY—Chicago department store sales 6% above level of previous May. JUNE—Percentage retail trade changes from previous June: Chicago +8, Rockford 0, South Bend +5. Chicago wholesale trade about 5% above last June. Early crops good; others look fine. Farm prices slightly higher than last month. Payrolls and production above last year, steady to up in month. Machine tool industry very active. Furniture manufacturing very dull. Collections steady to better than a year ago, steady with level of previous month. JULY—Department store sales about 9% ahead of corresponding period of last year. Fall business starting in good volume at wholesale markets. Industry continues upward.

12. DETROIT

MAY, 89.7 APR., 90.4 MAY 1939, 79.9

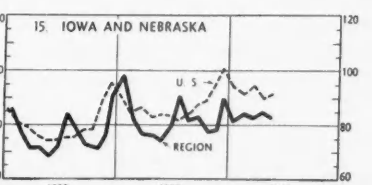
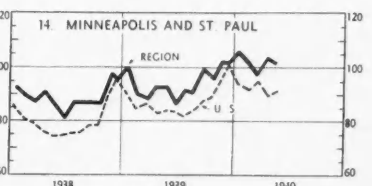
MAY—Detroit department store sales 6% above level of previous May. JUNE—Percentage retail trade increases over previous June: Detroit 4, Grand Rapids 6, Saginaw 5. Wholesale trade changes from a year ago: Detroit -13, Grand Rapids +8. Berry crop excellent; prices satisfactory. Green garden truck in good demand. Too much rain in some sections. Payrolls and production generally above last year, lower than a month ago in Detroit. Manufacturers of automobile parts, refrigerators, and metal goods report good level of activity. Retail automobile sales more than 10% ahead of last June. Collections about same as a month ago, steady to better than a year ago. JULY—Retail sales 3 to 5% ahead of 1939. Wholesaling up 5% from the year ago level.



13. MILWAUKEE

MAY, 90.2 APR., 94.3 MAY 1939, 82.1

MAY—Milwaukee department store sales about 6% ahead of previous May level. JUNE—Percentage retail trade changes from previous June: Milwaukee +8, Madison -1, Green Bay +9. Wholesale trade in Milwaukee about 9% above the year ago comparative level. Crops retarded by cold weather during May and June; moisture ample. Outlook for canning peas, hay, and grain favorable. Dairy products plentiful; outlook good in dairy industry. Payrolls and production above last year, steady to up in month. Metal trades and heavy goods industries still in lead. Paper mills operating full time with small backlogs. Collections generally fair. JULY—Department store sales about 9% higher than in the same period of 1939.



14. MINNEAPOLIS AND ST. PAUL

MAY, 101.7 APR., 103.5 MAY 1939, 92.7

MAY—Minneapolis-St. Paul-Duluth-Superior department store sales 6% ahead of previous May level. JUNE—Percentage retail trade changes from previous June: Duluth +10, Minneapolis +2, St. Paul-Butte +8, La Crosse +5, Fargo 0, Sioux Falls-Great Falls -5, Billings +9. Wholesale trade changes: Duluth +5, Minneapolis +10, Great Falls -5. Wheat and sugar beets in good condition. Livestock in good shape also. Farm prices somewhat lower than in May. Payrolls and production steady to above a year ago. Demand for flour firm; linseed oil sales show slight decline recently. Iron ore shipments to date 111% ahead of last year. JULY—New stockyards under construction in Billings. St. Paul retail sales 10% above last year.

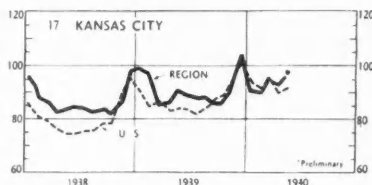
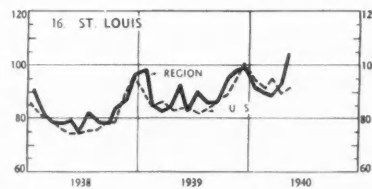
15. IOWA AND NEBRASKA

MAY, 82.6 APR., 84.8 MAY 1939, 73.8

MAY—Department store sales show little change from level of last May. JUNE—Percentage retail trade changes from previous June: Burlington -2, Cedar Rapids-Des Moines 0, Davenport +10, Dubuque +5, Waterloo +12, Des Moines 0, Sioux City +7, Lincoln -5, Omaha +4. Wholesale trade changes: Sioux City +7, Des Moines 0, Omaha +3. Rains early in June improved wheat outlook in western Nebraska; prospects poor in central area. Insects menacing crops. Payrolls and production steady to above last year. Woodworking mills approaching dull season. Clothing, machinery, and light manufacturing activity holding up well. Food processing off some. JULY—Wheat crop showing deterioration. Sales of merchandise for Summer good.

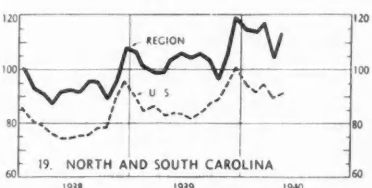
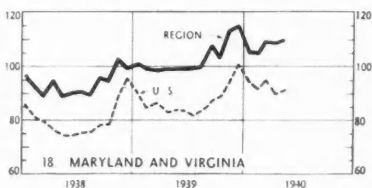
16. ST. LOUIS

MAY, 104.4 APR., 93.4 MAY 1939, 93.4
MAY—Percentage department store sales changes from previous May: St. Louis-Springfield (Mo.) 0, Quincy -4. JUNE—Percentage retail trade increases over previous June: St. Louis 9, Springfield (Mo.) 3, Springfield (Ill.)-Quincy 4. St. Louis wholesale trade 10% below last June. Wheat being harvested; crop very good. Farm prices fair. Production and payrolls steady to above last year; steady to up since May. Output of steel, electrical equipment, machine tools, and other heavy goods well above last year. Collections fair, somewhat improved in month. JULY—Department store sales about 2% above the year ago level. Industry continues strong. Fall wholesale apparel season just beginning.



17. KANSAS CITY

MAY, 95.8* APR., 92.9* MAY 1939, 90.7
MAY—Percentage department store sales changes from previous May: Kansas City 0, Oklahoma City -7, Tulsa +10. JUNE—Percentage retail trade changes from previous June: Kansas City-St. Joseph -7, Topeka-Wichita 0, Oklahoma City +3, Tulsa +5. Wholesale trade changes: Kansas City -10, Oklahoma City +3. Wheat crop good in eastern Kansas, poor in western part of State. Corn and cotton generally in good condition. Payrolls and production steady to below last year. Airplane manufacturers beginning to get large Government contracts. Meat packing 17% above last June. Collections fair to poor, even with May. JULY—Retail and wholesale volumes making favorable comparisons with a year ago. * Preliminary.



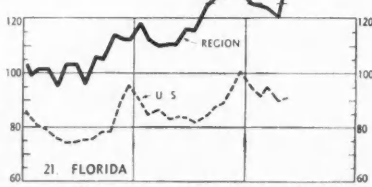
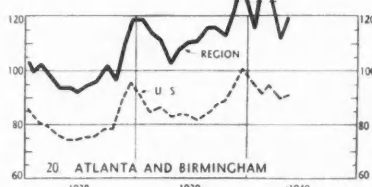
19. NORTH AND SOUTH CAROLINA

18. MARYLAND AND VIRGINIA
MAY, 109.3 APR., 108.6 MAY 1939, 98.7
MAY—Percentage department store sales increases over previous May: Baltimore-Richmond 5, Washington 2, Virginia State 4. JUNE—Percentage retail trade changes from previous June: Baltimore +5, Washington-Richmond +4, Norfolk +6, Lynchburg -3, Roanoke +3, Bristol -5. Wholesale trade increases: Baltimore 4, Norfolk 8, Richmond 6. Growth of crops retarded by cool weather this Spring. Farm prices steady. Truck crops have made favorable progress. Payrolls and production vary in comparison with last year. Cigarette and tobacco production even with a year ago. Paper mills operating at or near capacity. Rayon industry fairly active. JULY—Retail trade continues ahead of a year ago. Industry very active.

MAY, 113.7 APR., 104.5 MAY 1939, 102.7
MAY—Percentage department store sales increases over previous May: North Carolina 11, South Carolina 14. JUNE—Percentage retail trade changes from previous June: Asheville -2, Winston-Salem -12, Charlotte +5, Raleigh-Wilmington 0, Charleston +8, Columbia +15, Greenville +10. Wholesale trade changes: Wilmington -3, Charleston 0, Winston-Salem -10. Shipments of tomatoes and cucumbers off because of low prices on northern markets. Payrolls and production steady to below last year. More demand for skilled labor to work in Charleston Navy Yard. Activity in hosiery, furniture, and cotton goods plants recently increased. JULY—Southern furniture show having record attendance and sales.

20. ATLANTA AND BIRMINGHAM

MAY, 119.7 APR., 111.7 MAY 1939, 106.5
MAY—Percentage department store sales increases over previous May: Atlanta 6, Birmingham 7, Montgomery 12, Nashville 4. JUNE—Percentage retail trade changes from previous June: Atlanta +8, Augusta-Columbus +10, Macon +6, Savannah +12, Birmingham +5, Montgomery +2, Mobile 0, Chattanooga +3, Knoxville -10, Nashville +9. Wholesale trade increases: Atlanta-Nashville 2, Birmingham 3. Large watermelon crop; prices low. Payrolls and production steady to above last year. Textile and steel mills operating close to capacity; backlogs heavy. Production of building materials above May level. Collections generally fair. JULY—Atlanta department store sales about even with last July.

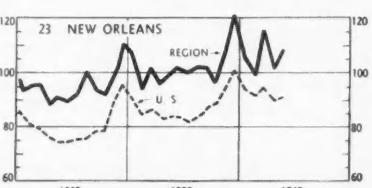
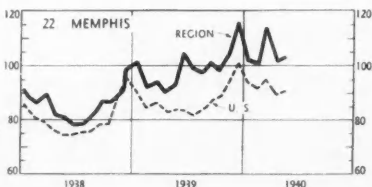


21. FLORIDA

MAY, 135.1 APR., 120.0 MAY 1939, 111.5
MAY—Florida department store sales about 8% above level of previous May. JUNE—Percentage retail trade changes from previous June: Jacksonville -2, Miami +5, Tampa +18. Wholesale trade increases: Jacksonville 6, Tampa 5. Little agricultural activity this time of year; watermelon crop fairly good, and some light shipments of vegetables from north Florida. Payrolls and production steady with a year ago, steady to lower than May. Cigar industry in Jacksonville continued to improve. Lumber production unchanged from May. Naval store production off some. Collections vary in different sections. JULY—Department store sales somewhat lower than last year.

22. MEMPHIS

MAY, 103.3 APR., 101.4 MAY 1939, 93.5
MAY—Percentage department store sales increases over previous May: Memphis 7, Fort Smith 6, Little Rock 12. JUNE—Percentage retail trade changes from previous June: Memphis -5, Fort Smith +20, Little Rock -2. Memphis wholesale trade somewhat below last June's volume. Cotton crops retarded by cool weather. Spinach yield very good; prices have held up. Rain has been plentiful. Payrolls and production steady to below last year. Furniture business to date fairly good; manufacturers now at Chicago show. Lumber business at low ebb until end of month. Collections fair to poor. JULY—Department store sales about 4% above same period of 1939. Agricultural prospects improving under favorable weather.



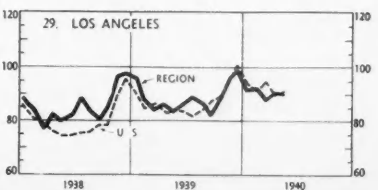
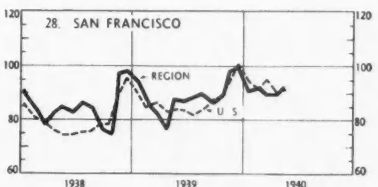
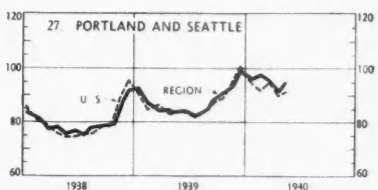
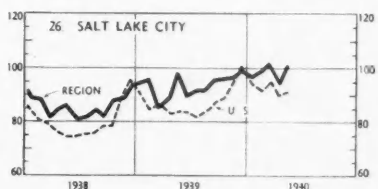
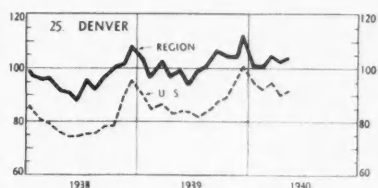
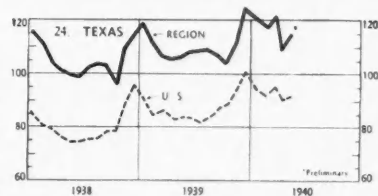
23. NEW ORLEANS

MAY, 108.7 APR., 101.1 MAY 1939, 98.4
MAY—New Orleans department store sales about 9% higher than last year at the same time. JUNE—Percentage retail trade changes from previous June: New Orleans 0, Jackson +11, Meridian -6. New Orleans wholesale trade steady with corresponding month last year. Tomato production below normal this year; price only fair. Cane and rice progressing nicely. Truck crops suffered from excessive rains. Payrolls and production steady with both a year ago and a month ago. Petroleum product production and oil well drilling still most active branch of industry. Collections generally fair. JULY—Bank clearings about 5% lower than at same month last year, totalling \$37,728,000.

24. TEXAS

MAY, 114.2* APR., 109.8* MAY 1939, 106.4
 MAY—Percentage department store sales changes from previous May: Dallas —1, Fort Worth —3, Houston +3, San Antonio +5. JUNE—Percentage retail trade changes from previous June: Dallas—Houston—San Antonio —3, Fort Worth—Lubbock—Wichita Falls +5, Amarillo +3, El Paso—Austin —2, Galveston 0, Beaumont —4, Waco—Shreveport —10. Wholesale trade changes: Dallas +5, Houston —5, San Antonio +15, Fort Worth —8, Shreveport —10. Rains beneficial to crops and cattle ranges. Onion crop brought high price and yield was good. Payrolls and production vary in different sections. Lumber industry fairly active. Oil producing, refining, and marketing about normal. JULY—Retail trade slightly below the year ago level.

* Preliminary.



26. SALT LAKE CITY

MAY, 100.8 APR., 94.2 MAY 1939, 98.1
 MAY—Salt Lake City department store sales 4% above level of the corresponding period last year. JUNE—Salt Lake City retail trade 9% above previous June level; wholesale trade up 15%. Most of retail gain due to good activity in large department stores and specialty shops. Wholesale grocery buying 20 to 25% ahead of a year ago; buying of lumber and builders' supplies shows gain of 10 to 15%. Payrolls and production steady with previous month and previous year. Substantial army expenditures authorized at local arsenal and supply base. Agricultural situation fair; small fruit yield good, but heavy loss on pea crop. Farm prices up slightly. Collections fair. JULY—Retail trade well ahead of 1939.

28. SAN FRANCISCO

MAY, 92.9 APR., 89.3 MAY 1939, 87.0
 MAY—Percentage department store sales decreases from previous May: San Francisco 5, Oakland 1. JUNE—Percentage retail trade increases over previous June: San Francisco 5, Sacramento 0, Fresno 8. Wholesale trade in San Francisco about 5% ahead of same month last year. Large barley crop forecast. Farm prices spotty, with no particular changes in the month. Raisin sales disappointing. Payrolls and production steady to above last year, Government spending benefiting some lines. Canneries about to start Summer activity. Building continues active. Collections same as a month ago and a year ago. JULY—Retail trade sluggish. Wholesale activity spotty. Industrial activity same as in June.

CHECKING DIMENSIONS OF GUN BARREL—INTERNATIONAL NEWS PHOTOS



25. DENVER

MAY, 103.6 APR., 102.2 MAY 1939, 99.3
 MAY—Denver department store sales 1% above previous May level. JUNE—Percentage retail trade changes from previous June: Denver +4, Albuquerque —5. Denver wholesale trade steady with a year ago. Recent dry spells caused deterioration of small grains in some sections, but the situation was not regarded as critical. Commercial vegetables in good condition, as well as fruit crops. Payrolls and production steady to above last year. Steel companies report sales ahead of last year, with railroad business strong. Building activity slackened somewhat during month. Tourist business not up to expectations. JULY—Retail trade 3 to 4% above last year. Industry more active than in June.

27. PORTLAND AND SEATTLE

MAY, 95.1 APR., 91.4 MAY 1939, 84.3
 MAY—Percentage department store sales increases over previous May: Seattle—Portland 7, Tacoma 11, Spokane 3. JUNE—Percentage retail trade changes from previous June: Seattle +10, Spokane 0, Portland +9. Wholesale trade increases: Seattle 5, Portland 4. Berry crops excellent; apple and prune prospects appear normal. Winter wheat production off 10% from last year, but still above ten-year average. Payrolls and production steady to above last year, about steady with May. Machinist strike called in May was settled late in June. Lumber, plywood, pulp, and paper mills running close to capacity. Airplane production increasing. JULY—Business activity in all branches about 10% ahead of same period last year.

29. LOS ANGELES

MAY, 90.1 APR., 90.5 MAY 1939, 83.6
 MAY—Percentage department store sales changes from previous May: Los Angeles +1, Phoenix 0. JUNE—Percentage retail trade changes from previous June: Los Angeles +5, San Diego +10, Phoenix 0. Los Angeles wholesale trade 8% above the year ago level. Good cantaloupe and melon yield. Livestock and range conditions good. Barley prices down due to oversized crop. Payrolls and production generally above last year. Aircraft industry expanding. Petroleum industry unsettled; retail prices lower. Motion picture production steady. Collections fair to good, about the same as in May. JULY—Retail volume above the same period of last year in most stores. Building activity well ahead of last year.

INDUSTRIAL AND COMMERCIAL FAILURES

	NUMBER OF FAILURES				CURRENT LIABILITIES Thousands of dollars				DUN'S INSOLVENCY INDEX†			
	(New Series)		(Old Series)		(New Series)		(Old Series)		UNADJUSTED		ADJUSTED‡	
	1940	1939	1939	1938	1940	1939	1939	1938	(New Series)	(Old Series)	(New Series)	(Old Series)
Jan.	1,237	1,567	1,263	1,377	15,279	20,790	19,122	21,415	67.1	86.0	69.3	76.2
Feb.	1,042	1,202	963	1,149	13,472	13,582	12,788	21,028	66.7	78.0	62.5	75.2
Mar.	1,197	1,322	1,057	1,167	11,681	19,002	17,851	40,325	62.6	72.6	58.1	64.8
Apr.	1,291	1,331	1,064	1,172	16,247	18,579	17,435	21,147	70.1	73.1	58.5	65.1
May	1,238	1,334	1,028	1,123	13,068	15,897	14,664	19,139	66.9	70.5	54.3	59.8
June	1,114	1,119	847	1,073	13,734	12,581	11,460	15,918	62.5	66.5	50.3	64.1
July ....	.....	1,153	885	1,038	.....	14,999	14,128	14,761	.....	63.0	48.3	57.2
Aug. ....	.....	1,126	859	1,015	.....	12,637	11,259	16,382	.....	61.4	46.8	53.8
Sept. ....	.....	1,043	758	866	.....	10,545	9,402	14,341	.....	59.0	42.9	51.6
Oct. ....	.....	1,234	916	997	.....	17,464	16,140	13,219	.....	67.0	49.7	54.7
Nov. ....	.....	1,184	886	984	.....	13,201	11,877	12,302	.....	72.6	54.3	53.9
Dec. ....	.....	1,153	882	875	.....	13,243	12,078	36,528	.....	65.0	49.7	50.7
Total ..	.....	14,768	11,408	12,836	.....	182,520	168,204	246,505	.....	69.6	53.7	61.1

† Apparent annual failures per 10,000 enterprises. ‡ For seasonal variation.

ANALYZING *the* RECORD of INDUSTRIAL and COMMERCIAL FAILURES

JUNE FAILURES DECLINE MORE THAN SEASONALLY

JUNE failures among commercial and industrial concerns, numbering 1,114 were lower than the total reported in May by 10 per cent. They were almost identical in number with the 1,119 reported in June 1939. Current liabilities in June, \$13,734,000, were up slightly from the \$13,068,000 in May and were 9 per cent above the \$12,581,000 in June a year ago. Owing to several large failures with extensive long-term indebtedness, total liabilities reached \$25,101,000, the highest amount in any one month since December 1938.

The insolvency index both adjusts for the monthly variation in the number of working days and relates the number of failures to the number of concerns in business. According to the index June failures occurred at the annual rate of 62.5 in every 10,000 concerns in business, compared with a rate of 66.9 in May. This was a drop of 7 per cent, which exceeded the 5 per cent which may normally be expected to take place in June. The adjusted (for seasonal) index reflected the excess de-

cline by falling off 1.2 points. This decline followed a drop of 1.8 points in May. It was in May that the adjusted index experienced the first downturn after three months of sharp increases.

The June unadjusted index was also 4 points, or 6 per cent, under its position in June 1939. This change in the rate of failures, in spite of almost identical numbers of failures in the two months, may be explained by the fact that the number of concerns in business increased during the intervening months from 2,118,000 to 2,160,000. (These figures are based on the number of names listed in the DUN & BRADSTREET Reference Book.)

The decline in June failures was widespread throughout the country and throughout industry. It did, of course, slightly exceed the normal, and this in spite of a few exceptions which will be pointed out.

Total failures in manufacturing were down 14 per cent, in construction 13 per cent, in retail trade 10 per cent, and in

wholesale trade 6 per cent. Commercial service failures, contrariwise, rose 4 per cent. Six large affiliated advertising concerns, filing voluntary bankruptcy after several years of financial difficulties, swelled both the number and the liabilities of this group.

Practically all manufacturing lines experienced fewer June failures, slight exceptions being textiles, fuels, and transportation. Liabilities, however, increased in six manufacturing lines.

In wholesale trade, failures were also up slightly in a few scattered lines. Trends were more mixed in retail trade. Apparel shop failures were off a third from May, and building materials and hardware failures were fewer by 25 per cent, but these losses were partially balanced by increases in furniture, automotive products, restaurants, and drugs.

Although the total number of June failures was similar to that a year before, manufacturing and wholesale failures exceeded last year's by 8 per cent, while construction failures were 12 per

cent higher. Retail trade and commercial service failures, on the other hand, were fewer in number than a year ago, the former by 3 per cent and the latter by 27 per cent. Specifically, failures among manufacturers of textiles, forest products, and paper, printing, and publishing were currently more numerous than a year ago, while among retailers decidedly fewer failures were recorded for country general stores and apparel shops. In the commercial service group the losses were scattered among miscellaneous lines.

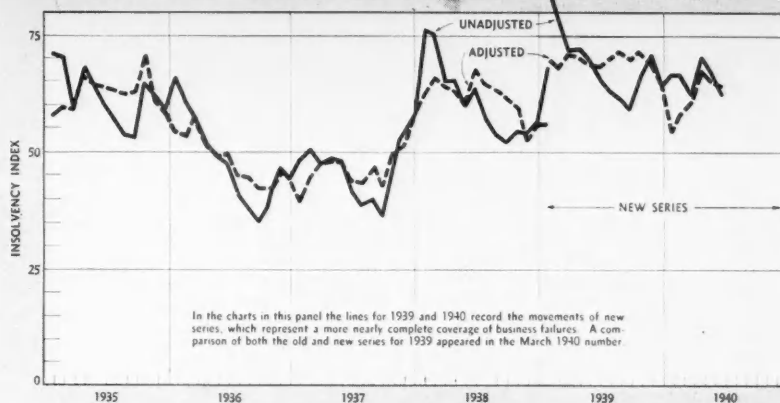
INDUSTRY GROUP	June 1940	June 1939	Per Cent Change
Manufacturing	226	209	+ 8
Wholesale Trade	113	105	+ 8
Retail Trade	666	687	- 3
Construction	61	52	+ 17
Commercial Service	48	66	- 27
Total	1,114	1,119	-0.5

Failures in all size groups but the very large were down in June. Large failures with liabilities of \$100,000 or more rose from 16 in May to 21. These included, besides the six advertising concerns, a large construction company, two large clothing retailers, and twelve manufacturers. Compared with last June, failures of large and substantial concerns were this year more numerous, as were also the very small failures. Only the group with liabilities between \$5,000 and \$25,000 showed any decrease.

SIZE OF LIABILITIES	June 1940	June 1939	Per Cent Change
Under \$5,000	536	521	+ 3
\$5,000-\$25,000	457	490	- 7
\$25,000-\$100,000	100	94	+ 6
\$100,000-\$1,000,000	19	14	+ 36
\$1,000,000 and over	2	—	—
Total	1,114	1,119	-0.5

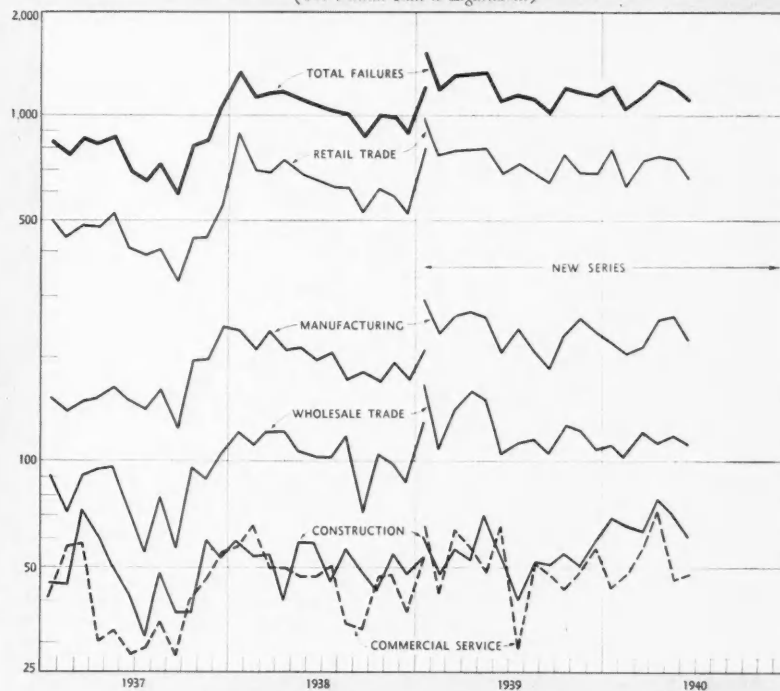
Geographically as well as industrially there was a considerable uniformity in the June trend. In only three Federal Reserve Districts—Philadelphia, Kansas City, and San Francisco—were there increased June failures. The Boston, New York, and Richmond districts reported a 7 per cent drop. The other six districts experienced more than average declines. In both the St. Louis and the New York districts the June decline was the first which had taken place since February.

MONTHLY TREND OF THE INSOLVENCY INDEX



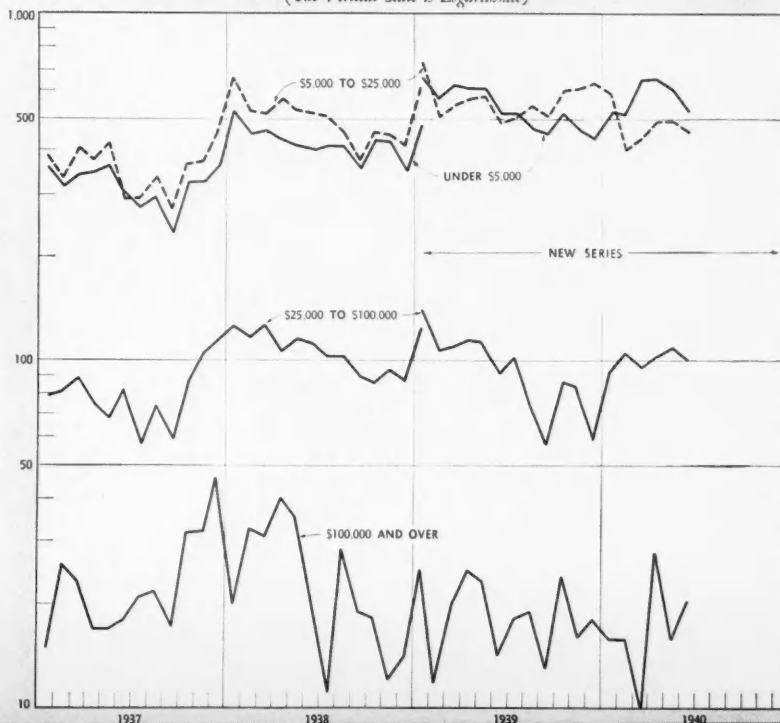
FAILURES BY INDUSTRIAL GROUPS

(The Vertical Scale is Logarithmic)



FAILURES BY SIZE OF LIABILITIES

(The Vertical Scale is Logarithmic)



From a comparison of June failures with those a year before by Federal Reserve Districts, it appears that only in the Middle Western States were this year's failures below those a year ago, namely in the Chicago, Cleveland, Minneapolis, Kansas City, and Dallas districts. In the other seven, failures were more in number than a year ago.

FEDERAL RESERVE DISTRICTS	Jan.-June 1940	Jan.-June 1939	Per Cent Change
Dallas	133	191	-30
Cleveland	303	472	-23
Kansas City	286	353	-19
Richmond	294	331	-11
Philadelphia	469	528	-11
New York	2,634	2,950	-11
Chicago	1,019	1,143	-11
Atlanta	350	364	-4
Minneapolis	121	125	-3
Boston	522	519	0
San Francisco	719	702	+2
St. Louis	209	197	+6
Total	7,119	7,875	-10

Quarterly Failures

The trend of failures during the first six months of 1940 departed considerably from the usual seasonal pattern. First-quarter failures were very low, totalling only 3,476 in comparison with the 4,091 in the first quarter of 1939. Failures reached a higher total in the second quarter, notwithstanding the decreases in May and June from an April peak. They numbered 3,643, an increase of 5 per cent over the first quarter. Such a second-quarter increase is most unusual, and compares with an 8 per cent decrease in the second quarter of 1939 when the monthly trend of failures was seasonally quite normal. In spite of this increase, however, second-quarter failures were 4 per cent below those of the corresponding period of last year, and the total for the first six months 10 per cent below.

A story of the industry group movements by quarters throws much light on the recent failure record. Manufacturing failures were very few in the first quarter of the year, but a sharp 17 per cent rise in the second quarter carried them to a point slightly above the level of the same group in the second quarter of 1939. Wholesale trade failures were likewise very low in the first

FAILURES BY DIVISIONS OF INDUSTRY—JUNE, 1940 AND 1939

(Current liabilities in thousands of dollars)

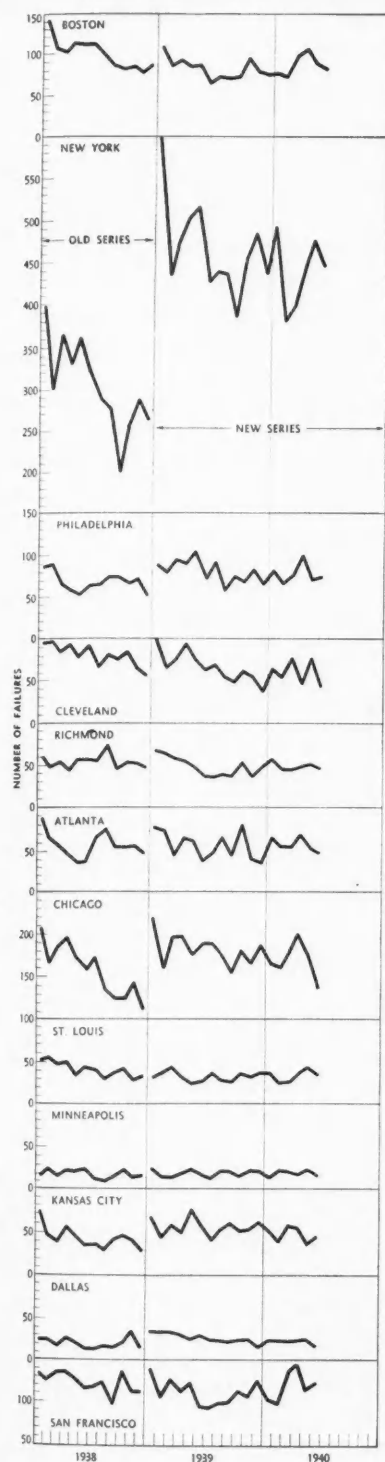
	Number			Liabilities		
	June 1940	May 1940	June 1939	June 1940	May 1940	June 1939
TOTAL UNITED STATES	1,114	1,238	1,119	13,734	13,068	12,581
MANUFACTURING (total)	226	263	209	5,039	4,588	4,789
Foods	48	51	45	1,088	832	1,079
Textiles	57	52	45	1,018	820	1,203
Forest Products	26	31	13	508	739	222
Paper, Printing and Publishing	20	27	15	226	278	236
Chemicals and Drugs	8	16	9	90	122	112
Fuels	6	5	5	434	194	341
Leather and Leather Products	8	13	12	246	194	204
Stone, Clay, Glass, and Products	4	5	6	93	76	85
Iron and Steel	9	10	14	158	432	315
Machinery	13	14	11	312	214	372
Transportation Equipment	5	3	4	572	87	45
All Other	22	36	30	294	600	575
WHOLESALE TRADE (total)	113	120	105	1,383	1,646	1,695
Farm Products, Foods, Groceries	46	50	40	556	624	642
Clothing and Furnishings	6	10	5	241	100	27
Dry Goods and Textiles	1	4	6	2	82	216
Lumber, Building Materials, Hardware	5	9	7	56	258	161
Chemicals and Drugs	7	4	4	48	39	67
Fuels	3	1	1	32	13	16
Automotive Products	2	5	3	53	55	28
Supply Houses	8	10	9	73	133	81
All Other	35	27	30	322	342	457
RETAIL TRADE (total)	666	739	687	5,228	5,063	4,397
Foods	198	206	187	899	1,073	735
Farm Supplies, General Stores	9	20	23	70	80	189
General Merchandise	33	27	32	222	243	175
Apparel	116	174	141	1,083	1,258	925
Furniture, Household Furnishings	46	42	39	555	505	354
Lumber, Building Materials, Hardware	30	40	34	364	367	316
Automotive Products	51	39	50	429	164	361
Restaurants	102	98	100	787	713	691
Drugs	46	44	42	394	266	323
All Other	35	49	39	425	388	328
CONSTRUCTION (total)	61	70	52	984	1,201	1,159
General Contractors	8	19	4	94	528	238
Carpenters and Builders	5	9	17	43	148	290
Building Sub-contractors	45	40	30	393	509	561
Other Contractors	3	2	1	454	16	70
COMMERCIAL SERVICE (total)	48	46	66	1,100	570	541
Cleaners and Dyers, Tailors	8	9	10	84	58	30
Haulage, Buses, Taxis, etc.	17	22	14	298	375	170
Hotels	2	5	2	22	90	35
Laundries	4	2	8	132	12	70
Undertakers	1	1	3	1	8	14
All Other	17	7	29	564	27	222

quarter, but, increasing only 3 per cent in the second quarter, they came to within only 17 per cent of the 1939 second-quarter wholesale total. Retail trade failures, while not so low in the first quarter in comparison with the first quarter of 1939, showed only a slight increase in the second quarter

and totalled 4 per cent less than retail failures in the second quarter of 1939. Commercial service failures, although they increased rapidly in the second three months of the year, were still 3 per cent below those of the second quarter of 1939.

Construction failures followed quite

INDUSTRIAL AND COMMERCIAL FAILURES BY FEDERAL RESERVE DISTRICTS



a different course. They were higher in the first quarter of 1940 than in the corresponding quarter of 1939, and an increase of 6 per cent in the second quarter brought them to a level 19 per cent above that in the second quarter of 1939.

Among the numerically important manufacturing lines, failures in forest products and paper, printing, and publishing were definitely higher in the second quarter just ended than in the corresponding quarter of last year. Food failures in manufacturing and wholesale and retail trade were more numerous in the second quarter of 1940 than in the first quarter, but only in retail trade were they in excess of the number reported in the second quarter of 1939. Other important retail lines in which 1940 second-quarter failures exceeded those in the 1939 second quarter were furniture and household furnishings, and lumber, building material, and hardware.

Further details than those given in the table below may be found in the August issue of *DUN'S STATISTICAL REVIEW*.

INDUSTRY GROUPS	1939		1940	
	1st Quar.	2nd Quar.	1st Quar.	2nd Quar.
MANUFACTURING				
Foods	154	183	157	169
Textiles	185	177	130	161
Forest Products	72	57	62	79
Paper, Printing, Publishing. .	61	53	52	78
Iron and Steel.....	39	42	28	33
Machinery	48	41	27	34
All Others.....	240	191	187	196
Total	799	744	643	750
WHOLESALE				
Farm Products and Foods....	157	159	110	133
All Others.....	262	258	227	214
Total	419	417	337	347
RETAILING				
Foods	667	616	576	629
Apparel	613	462	494	425
Automotive Products	159	169	134	155
Furniture, Household Fur- nishings	157	164	113	144
General Merchandise	130	117	126	91
Lumber, Building Materials, Hardware	113	104	100	110
All Others.....	698	651	608	617
Total	2,537	2,277	2,151	2,171
CONSTRUCTION				
	164	175	108	209
COMMERCIAL SERVICE....				
	172	171	147	166
TOTAL	4,091	3,784	3,476	3,643

Large failures with liabilities of \$100,000 or more numbered 107 in the first six months of this year in comparison with 119 from January to June in 1939. Of these, only three in 1940 had liabilities of \$1,000,000 or more, against 8 in 1939. There were fewer of these large

failures in 1940 among manufacturers and wholesalers, but increased numbers among retailers and commercial service, and especially in construction lines.

For these large failures the circumstances of their demise are determined largely by the type of indebtedness and the general condition of their financial structure. About the same proportion, 23 per cent, went out through voluntary bankruptcy in each period, and a slightly smaller proportion in the latter period through involuntary petitions and receiverships. There was a relatively decreasing use of reorganization under Chapter X of the bankruptcy act, and contrariwise, a greatly increased use of Chapter XI for adjusting unsecured debts only.

Canadian Failures

Canadian failures numbering 91 in June reported liabilities of \$720,000. This compared with 100 failures in May with liabilities of \$632,000 and 83 failures in June 1939 with liabilities of \$514,000.

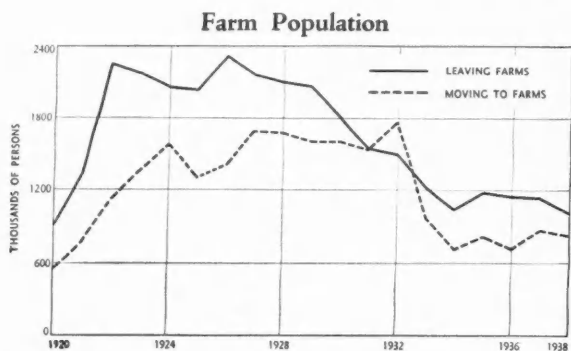
In both the first and second quarters of this year Canadian failures exceeded those in the corresponding quarters of 1939, the first quarter by 4 per cent, and the second quarter by 9 per cent. Potential money losses, however, were slightly lower in both quarters of 1940.

Increased failures over last year were apparent in all the main industry groups except manufacturing, where fewer textile defaults held the number down. Fewer construction failures took place in the quarter just ended than were reported a year ago. In retail trade second-quarter failures in foods; lumber, building materials, and hardware; and automotive products were noticeably in excess of those in the second quarter of last year.

The excess of quarterly failures over the corresponding periods of last year was more pronounced in the Provinces of Quebec and Ontario. It was also apparent that increases took place not so much in the 16 largest cities as in the balance of the country.

THROUGH THE STATISTICIAN'S EYES

ODD AND INTERESTING ITEMS FROM THE MONTH'S RECORD



MOVEMENT TO AND FROM FARMS—1920-1939—U. S. Bureau of Agricultural Economics—In 1933, more persons returned to the farms than left them for the cities. Since then, urbanward movement has exceeded the return to the farm, but has been slower than in the pre-depression period.

FARM POPULATION in the last decade has grown to 32,250,000 persons, or 2,000,000 more than in 1930, according to the U. S. Bureau of Agricultural Economics. The last ten years have differed sharply from the period between the Census of 1910 and that of 1930, when the number living on farms dropped by 1,900,000 persons.

The call of the city has been less strong in recent years than in pre-depression times. Urbanward migration reached its peak in the five-year period between 1922 and 1926, when 3,480,000 more individuals left farms than returned to them. During succeeding years the tide slowed down considerably until in 1931 almost as many people moved back to farms as left them. In 1932 there was a net back-to-the-land movement of 266,000 persons.

As times improved, migration to the city again exceeded return to the farm, but did not reach the proportions of pre-depression years. From 1934 to 1938, the excess of urban over farm migration was only 1,604,000 persons. As this cityward migration was smaller than the combined natural increase in the population and movement to the farm, the number of individuals living in rural sections today has reached the highest level in the nation's history.

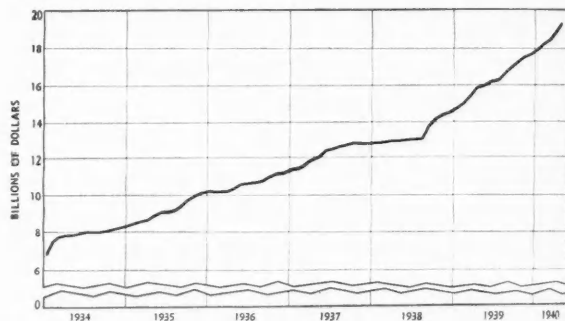
Gold Stocks

IN RECENT YEARS gold has glistened in the holds of almost every westbound ocean liner, and the United States has had to discover new ways of storing it. From January 1934 to the present time, the astronomical-sounding amount of more than \$13,000,000,000 arrived in this country. Some \$3,500,000,000 arrived during 1939 alone, and an additional \$1,500,000,000 during the first five months of 1940, U. S. Treasury Department figures show. A small portion of

the recent shipments came directly from foreign mines, which produced more ore than in any other year in this century, but the bulk was refugee capital from war-harassed countries. Since the outbreak of hostilities last September, Great Britain lost about \$2,000,000,000, Canada, \$1,300,000,000, the Netherlands \$400,000,000, and Japan \$224,000,000.

The gold reserves of the United States Government have been engaged in an unprecedented upturn from \$6,829,000,000 in January 1934 to \$19,209,000,000 in May 1940. Our share of the world's monetary gold rose from 34 per cent at the beginning of this period to 67 per cent at the outbreak of the war, and again to 73 per cent by the end of May. Gold arrivals in recent weeks have been sharply accelerated. Our gold has now reached about \$20,530,000,000, an even higher percentage of the world's gold stocks.

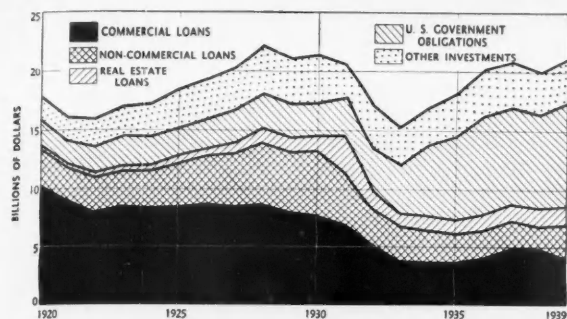
While gold has piled up in this country, Great Britain and France have lost heavily. Great Britain's share fell from \$1,573,000,000 or 8 per cent in 1934 to \$1,162,000,000 or 4 per cent in September 1939, the latest figure reported. The holdings of France dropped from \$5,109,000,000 to \$2,000,000,000, or from 25 to 8 per cent.



GOLD STOCKS—January 1934-May 1940—U. S. Treasury Department figures show that in May 1940 our gold stocks reached the unprecedented value of \$19,209,000,000, or 73 per cent of the world's monetary gold.

Bank Portfolios

IN THE past twenty years, the amount of self-liquidating paper in bank portfolios has decreased steadily, while real estate loans and Government obligations have taken up the slack, the Harvard University Graduate School of Business Administration reported in a study *Portfolio Policies of Commercial Banks in the United States*. A comparison of the loans, discounts, and investments of national banks in 1920 and 1939 indicates that the proportion of self-liquidating paper, or commercial loans, fell from 58 to 19 per cent, and loans based on securities as collateral or non-commercial loans from 17 to 12 per cent. Meanwhile the



LOANS, DISCOUNTS, AND INVESTMENTS OF ALL NATIONAL BANKS—1920-1939—Harvard University Graduate School of Business Administration study, based on U. S. Comptroller of the Currency Annual Reports—In 1920 commercial loans were 58 per cent of all loans, discounts, and investments, while Government bonds were 13 per cent. In 1939, loans were only 19 per cent of the total, while Government bonds were up to 42 per cent.

share of U. S. Government obligations rose from 13 to 42 per cent, real estate loans from 2 to 9 per cent, and all other investments from 10 to 18 per cent.

Commercial loans fell off abruptly in the depression years—1921 and 1922, and 1929 through 1934. By 1939 they had made a modest recovery to \$4,096,000,000, compared with \$3,666,000,000 in 1934 at the bottom of the cycle, and \$10,264,000,000 at the peak in 1920. Holdings of U. S. Government obligations grew slowly and irregularly from 1920 to 1932, then rose at a greatly accelerated pace.

Banks presented sharply divergent portfolio pictures according to the size of the bank and the section of the country. In recent years, in proportion to total portfolios, small institutions generally carried a larger proportion of loans and discounts than large ones, while banks in agricultural areas had proportionately more commercial paper than in industrial localities. The Pacific region showed more diversity of investment in real estate, railroad, and public utility bonds than the other sections.

Money in Circulation

SINCE November 1938, the amount of money in circulation outside the Treasury and the Federal Reserve banks

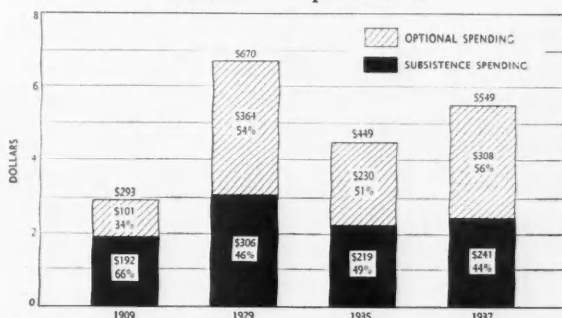


MONEY IN CIRCULATION—1933-1940—U. S. Treasury Department—More money is in circulation outside the Treasury and Federal Reserve banks than at what was considered a record peak in March 1933.

has exceeded the record peak of \$6,033,000,000 which occurred in March 1933, the time of the bank crisis and the great hoarding wave. U. S. Treasury Department figures show that during 1939 the volume of currency outstanding expanded some \$742,000,000, the largest gain for any year since the crisis. An additional \$112,000,000 during the first five months of 1940 brought circulation to the highest figure on record since 1914—\$7,710,000,000.

From the beginning of 1939 to May 1940, coins and bills of small denomination increased about 11 per cent, while bills of \$50 or more gained approximately 28 per cent. Greater business activity, the increased use of currency in transactions and in savings, and the shipment of the record amount of \$126,000,000 in paper currency to Europe by various New York City banks and financial institutions were some of the factors responsible for this rise.

Consumer Expenditures



PER CAPITA STANDARD OF LIVING—1909-1937—National Industrial Conference Board—In 1909, "subsistence spending" took up 66 per cent of the budget, in 1929, 46 per cent. When incomes dropped in the depression, necessities required 49 per cent, then fell again to 44 per cent in 1937.

IN THE last three decades, consumer expenditures per person have almost doubled, according to the National Industrial Conference Board. From \$293 in 1909, per capita expenditures rose to a peak of \$670 in 1929, then dropped sharply during the depression. In 1935 they stood at \$449, and in 1937 at \$549.

As the prices and the standard of living rose, the individual spent a larger part of his income on "optional expenditures," those for which he could exercise his own choice. After "subsistence expenditures" or typical disbursements of low-income groups were accounted for in 1909, only 34 per cent of his budget was left for "optional" items. By 1937 this left-over had increased to \$308 or 56 per cent.

A comparison of the two periods 1900 to 1909 and 1930 to 1935 indicated that disbursements for food dropped from 43 per cent of the budget to 33 per cent. Housing fell from 18 to 16 per cent, and clothing from 13 to 11 per cent, while fuel and light expenditures showed no change. "All other disbursements," only 20 per cent in the earlier period, rose to 35 per cent in the recent years.

SIGNIFICANT BUSINESS INDICATORS

COMPILED BY THE STATISTICAL STAFF OF "DUN'S REVIEW"

More detailed figures appear in "DUN'S STATISTICAL REVIEW"

Building Permit Values—215 Cities

GEOGRAPHICAL GROUPS:	June 1940	June 1939	Per Cent Change	May 1940	Per Cent Change
New England	\$8,091,210	\$5,634,780	+ 43.0	\$6,977,449	+ 16.0
Middle Atlantic	28,835,624	37,932,363	- 22.1	26,967,809	+ 6.9
South Atlantic	17,204,301	13,047,785	+ 31.9	20,217,730	- 14.9
East Central	22,241,285	24,698,187	- 11.0	30,735,989	- 27.6
South Central	11,866,597	10,552,508	+ 12.5	13,409,648	- 11.5
West Central	6,797,311	9,631,151	- 29.4	6,602,069	+ 3.0
Mountain	3,202,983	2,452,827	+ 30.6	3,413,468	- 6.2
Pacific	16,788,779	17,562,645	- 4.4	18,016,586	- 6.8
Total U. S.	\$115,028,000	\$120,912,252	- 4.9	\$126,340,748	- 9.0
New York City	\$18,832,421	\$21,627,840	- 12.9	\$16,077,465	+ 17.1
Outside N. Y. C.	\$96,195,769	\$99,284,422	- 3.1	\$110,263,283	- 12.8

Bank Clearings—23 U. S. Cities *

(Millions of dollars)

	Monthly 1940	Monthly 1939	Monthly 1938	Daily Average 1940	Daily Average 1939	Daily Average 1938
January	24,140	23,383	21,979	928.5	935.3	879.1
February	20,641	19,885	17,735	897.4	903.8	806.2
March	23,833	25,192	22,995	916.7	933.0	851.7
April	23,587	21,931	21,838	907.2	879.2	839.9
May	24,361	22,374	20,324	936.9	860.5	813.0
June	21,838	23,212	24,124	873.5	892.8	927.8
July	23,587	21,576	21,799	863.1	863.1	872.0
August	22,782	22,782	19,890	843.8	843.8	736.7
September	24,035	24,035	21,924	961.4	961.4	877.0
October	22,469	22,469	24,208	898.8	898.8	968.3
November	22,807	22,807	21,819	991.6	991.6	948.6
December	26,827	26,827	27,905	1,073.1	1,073.1	1,073.1
Total	276,523	276,523	266,541	919.7	919.7	882.8

* Bank clearings totals revised with the addition of Houston, Tex., to current compilations.

Bank Clearings for Individual Cities

(Thousands of dollars)

	June 1940	June 1939	Per Cent Change	May 1940
Boston	918,736	911,092	+ 0.8	991,712
Philadelphia	1,674,000	1,729,000	- 3.2	1,822,000
Buffalo	149,689	145,649	+ 2.8	156,251
Pittsburgh	563,441	489,833	+ 15.0	576,751
Cleveland	468,132	410,077	+ 14.2	465,674
Cincinnati	263,727	247,220	+ 6.7	276,235
Baltimore	338,658	305,366	+ 10.9	349,059
Richmond	174,613	166,493	+ 4.9	174,701
Atlanta	258,000	232,515	+ 11.0	295,600
New Orleans	159,509	156,927	+ 1.6	183,285
Chicago	1,366,726	1,349,196	+ 1.3	1,519,259
Detroit	472,461	396,945	+ 19.0	497,690
St. Louis	396,888	387,056	+ 2.5	419,371
Louisville	155,538	143,361	+ 8.5	151,451
Minneapolis	310,408	298,706	+ 3.9	344,779
Kansas City	388,305	390,089	- 0.5	423,961
Omaha	122,984	125,371	- 1.9	132,858
Dallas	226,286	222,512	+ 1.7	242,861
Houston	197,714	190,073	+ 4.0	210,660
San Francisco	570,388	576,839	- 1.1	635,100
Portland, Ore.	155,078	128,866	+ 20.3	162,908
Seattle	172,473	151,865	+ 13.6	175,146
Total 22 Cities	9,503,754	9,155,051	+ 3.8	10,207,312
New York	12,334,217	14,057,293	- 12.3	14,153,249
Total 23 Cities	21,837,971	23,212,344	- 5.9	24,360,561

Dun & Bradstreet

Wholesale Food Price Index

The index represents the sum total of the wholesale price per pound of 31 commodities in general use.

WEEKS:	1940	1939	1938	1937
July 30	\$2.22	\$2.17	\$2.46	\$2.90
July 23	2.23	2.14	2.47	2.88
July 16	2.23	2.14	2.46	2.88
July 9	2.24	2.16	2.46	2.90
July 2	2.24	2.17	2.41	2.90
June 25	2.20	2.18	2.40	2.81
June 18	2.18	2.18	2.40	2.81
June 11	2.19	2.19	2.37	2.82
June 4	2.19	2.21	2.36	2.83

HIGH

1940	\$2.36	Jan. 30	\$2.18	June 18
1939	\$2.46	Sept. 19	\$2.13	Aug. 15
1938	\$2.53	Jan. 4	\$2.34	May 10

LOW

Dun & Bradstreet Daily Wholesale Price Index 30 Basic Commodities

(1930-1932 = 100)

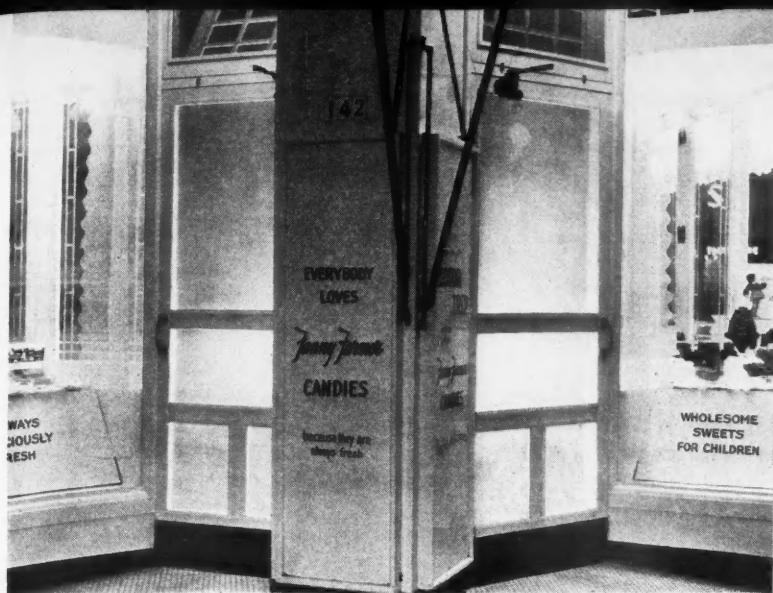
	July 1940	June 1940	May 1940	Apr. 1940
1	114.81	115.57	120.22	117.92
2	114.93	115.11	119.98	117.46
3	115.38	115.11	120.27	117.77
4	115.61	115.11	120.23	117.77
5	115.61	114.76	117.89	117.89
6	114.76	114.76	119.76	117.52
7	115.13	115.13	119.86	117.52
8	115.70	115.63	120.29	117.85
9	114.85	114.85	120.27	118.81
10	114.94	115.93	121.55	118.93
11	114.97	116.81	121.58	119.33
12	114.25	116.97	119.47	119.47
13	116.10	116.10	121.53	119.49
14	116.69	116.69	119.44	119.44
15	114.08	116.74	116.51	119.77
16	114.41	117.50	117.50	120.43
17	114.56	115.84	117.50	120.28
18	114.23	115.92	115.31	121.40
19	114.31	116.47	121.39	121.39
20	116.35	116.35	116.52	121.41
21	116.47	116.47	115.96	121.41
22	113.67	117.03	115.83	121.92
23	113.58	115.40	115.40	121.79
24	113.80	116.99	115.86	121.50
25	113.49	115.99	116.36	121.24
26	113.56	115.91	120.89	120.89
27	115.98	116.50	120.91	120.91
28	115.56	116.08	121.13	121.13
29	113.11	114.59	116.19	121.13
30	113.56	115.53	120.74	120.74
31	113.54	115.53		

† Sunday. * Markets closed.

HIGH

1940	123.34	Jan. 2	113.11	July 29
1939	124.19	Dec. 18	101.40	July 24
1938	117.06	Jan. 10	102.43	June 2

LOW



FROSTY—Screen doors keep the heat out. Air conditioned Fanny Farmer shops, N. Y., use doors of du Pont's Cel-O-Glass, a screen with frosty white plastic in the mesh.

HERE *and* THERE in BUSINESS

WHAT'S NEW AS OBSERVED BY THE AGENCY'S REPORTERS

Rowboats—If someone phones you from a rowboat this Summer to gloat over the big fish he just caught, chances are he really is where he says, tossing on the ocean several miles from ship or shore. He'll be using one of the radio telephones made for yachtsmen by Western Electric Company or some firm specializing only in marine radio telephony. Western Electric has a 100-watt outfit for the mother boat and a 10-watt set for the ship's dinghy.

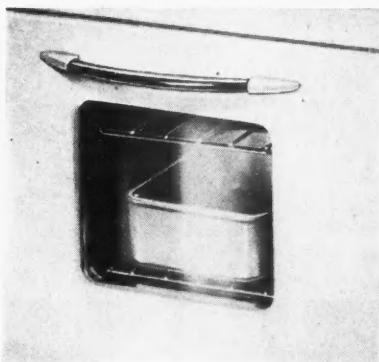
Pen—A desk pen set whose fuel will not defy the law of gravity and deposit more ink in nails and finger tips than arrives on paper is made by the Sengbusch Self-Closing Inkstand Company, Milwaukee, Wisconsin. The pen is the type you dip in ink.

Capillary action, it seems, is what makes ink creep up penholders, just as it pulled kerosene up the wick in an old-time lamp. The Sengbusch recipe is to cut a collar into the top of a piece of hard rubber. The rubber goes under the nib and both are wedged into the penholder.

The new type pens come as part of a redesigned desk inkstand, into which they fit. These stands use air

pressure and vacuum to hold a six-months' supply of ink, which is fed thinly to the pen nib. One chamber holds the ink, another chamber holds the pen.

Air pressure on the small opening



OVEN—Cooks using a new Crosley de luxe gas range have a window in the oven.

WORLD'S FAIR—Under the showman's touch, office routine becomes a popular exhibit at the New York Fair. Each row of desks has a different colored top: chocolate, yellow, black, pale green. The octagonal desk trays have four walls, four open sides.



between these two sections and a vacuum at the top of the ink chamber keep the liquid from overflowing. The vacuum is created when, in filling, the stand is pointed straight down, sending ink to the top. When three-fourths full, the inkstand is levelled. Ink covers the pen nib aperture before air can get through, leaving a vacuum at top of the chamber.

Rolit—Good for 100 copies, a small, inexpensive, hand-operated duplicator called Rolit is being introduced in the Midwest by Associated Stationers' Supply Company, Chicago, Illinois. It's made by A B C Duplicators, Inc., Los Angeles, California.

Rolit prints from a thin sheet or film, stretched over a curved metal plate. There are five models: postcard, memo, menu (six by eleven inches), letter, and legal sizes.

To use the device a master copy is first drawn or typed, using hectograph carbon paper. The master is placed face up in a tray and the curved plate rocked over it.

The film on the bottom of the plate takes an impression from the master sheet and reproduces it when Rolit is rocked across the top sheet of a stack of paper. When one job is printed, wash off the film for use again.

Fair—At the New York Fair there's an exhibit this year called World's Fair Offices at Work. Stenographers type the Fair's letters, duplicating machines

CRANE'S PAPERS STEPPED UP

REPLIES 32 TIMES



A nationally-known executive sent out an important letter to a list of 100,000 names . . . on a low-grade paper . . . and received 463 replies. The same letter, reprinted on Crane's Paper . . . with Crane envelope to match . . . brought more than 15,000 replies. When next you circulate your customers, stockholders, and important prospects, specify Crane's for the prestige it gives your message . . . the profit it will return you. Samples gladly supplied.

Crane's
FINE PAPERS

MADE IN DALTON, MASSACHUSETTS
SINCE 1801

print its publicity and notices, clerks bundle and tie its mail.

When the exhibit first opened and employees found themselves working in front of a stream of curious visitors, production suffered. Casual strangers would lean over the railing, read a typist's work. Then the Fair put a high glass screen on top of the rail and the difficulty vanished.

Offices at Work is sponsored by a number of well-known manufacturers. IBM electric writing machines tick away in the Stenographic Section, where 32 girls work in three shifts through a twelve-hour day. The exhibit operates seven days a week. Typists average 736 stencils a week, 126 offset masters, 508 Ditto masters besides doing straight typing and stenography. There are six proofreaders, one section supervisor, two assistants. Typists use Line-A-Time copy holders, a Remington Rand, Inc., product.

The Shaw-Walker Company made the office furniture, which is specially enameled. One row of desks, for example, has chocolate colored tops and dark green bodies. Supervising employees have satin finish aluminum chairs, with black patent leather seats. Octagonal desk trays are a recent Shaw-Walker product too. Four open sides allow you to put papers in cross-ways and find work easily.

BOTTLE SEAL—Tear-off cap for beer: introduced in Cleveland, Ohio, by Tip-Top Brewing Co. Machine made by Aluminum Seal Co., New Kensington, Pa.; sold by year-old Tear-Off Seal Co., Cleveland.



Easily Applied with Mop . . . Wears Like Iron

Quickly applied by a janitor or porter with ordinary roof brush or mop, COLORFLEX becomes an integral part of either wood or concrete floors. Second coat provides a remarkably durable, smooth, enamel-like surface. Need for painting is eliminated. Over wood, COLORFLEX prevents splintering and wear. Over concrete, it prevents dusting. Dries in 4 hours. Won't skin off, check, crack, craze. Available in warm, harmonious Battle-Ship Gray—Emerald Green—Linoleum Brown—Tile Red. Used indoors or out.

Write on business letterhead for complete COLORFLEX information . . . details of FREE TRIAL OFFER. No obligation.

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LETTERHEADS (Lithographed) FOR AS LOW AS \$1.10 a Thousand!

Send us a sample of your present letterhead and let us quote our mass production price for quality work on any quantity in which you buy. Our Letterhead Clinic will re-design your old letterhead, if you wish, and submit sketches absolutely free and without obligation, together with our quotation.

UNIVERSAL LITHOGRAPHING CO.
(A Subsidiary of Peerless Lithographing Co.)
Dept. 78, 4313 Diversey Avenue, Chicago, Ill.

20,523 PRESIDENTS

A recently completed analysis of the circulation of DUN'S REVIEW shows an average distribution in excess of 50,000 for a six months' period. It discloses that of the names on the list when the May 1940 number was mailed, 20,523 are presidents. They head the active manufacturing, wholesaling, and financial companies. 47.5% of their companies are rated \$125,000 to over \$1,000,000.

To be effective today selling must find the direct road to deciding authority. The advertising pages of DUN'S REVIEW provide such an approach.

As a touch of showmanship, all typists wear yellow smocks and hair ribbons, daily receive a fresh flower for their desks.

From the stenography section, work flows around the room. In the Property Records Accounting Section, cards are punched, sorted, and tabulated on IBM machines. Adjoining this, the Duplicating Section turns out an average 432,990 A. B. Dick mimeograph copies a week, 170,360 Multilith, 24,000 Ditto copies. There are eight mimeograph, five offset, four Ditto operators; four collators, one cutter, a supervisor and assistant.

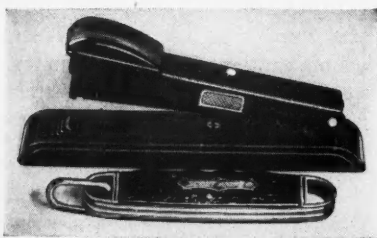
Just beyond, the Addressing Section operates, addressographing an average 24,740 envelopes weekly, embossing 819 plates.

Further along, 65 mail and shipping workers handle 148,000 pieces of mail each week, with delivery and pickup every half-hour at 60 buildings.

Walls and ceiling of Acoustone, a U. S. Gypsum product, muffle noise of all these operations.

Silver—New industrial uses for silver were the subject of an extensive research program which ended in June. The study was directed from the National Bureau of Standards, Washington, D. C., with a number of college laboratories collaborating.

Silver in shadow-thin films is to be tried as a lining for beer cans and steel barrels and as a reflective surface for



STAPLER—Not much bigger than a Boy Scout knife, this stapler by Bostitch, Inc., East Greenwich, R. I., can be used on a desk, in the hand, or with base detached as a tacker for notices, or attaching tags and labels.

highway signs. The research project has been able to deposit it satisfactorily in amounts as thin as .000005 of an inch. It can also, in various thicknesses, be used on generator brushes. If a suitable adhesive liquid is perfected, it will be valuable in plant sprays.

In addition to the Bureau of Standards study, at the California Institute

STANDARDIZED STEEL BUILDINGS

SERIES "A" Pitched Roof Types

TYPE 1 TYPE 2 TYPE 3 TYPE 3-M TYPE 4 SAWTOOTH TYPE

SERIES "B" Flat Roof Types

TYPE 1 TYPE 2 TYPE 3 TYPE 3-M TYPE 4 TYPE 5-M

**Your New Plant... In a Hurry!
At Low Cost... And No Worry!**

For Quick Action... Call TRUSCON!

(PHONE YOUNGSTOWN, OHIO, 3-2171)



You can have the building you want and need... a permanent, fire-safe economical plant... all ready for use in a few weeks' time. • TRUSCON standard buildings of any type and size, with any arrangement of doors and windows, any type of side walls and any roof design are erected with standardized units, shop fabricated, accurate in every detail. • Made of copper bearing steel, TRUSCON standard building side wall panels and roof deck are fire-safe and corrosion and rust resisting. • TRUSCON'S large scale manufacturing facilities and nation-wide organization offer expert cooperation and all inclusive economy. For quick action... call TRUSCON.



TRUSCON
Steel Buildings

TRUSCON STEEL COMPANY • YOUNGSTOWN, OHIO
61 Sales Engineering Offices • 29 Warehouses
SUBSIDIARY OF REPUBLIC STEEL CORPORATION

37th Annual
NATIONAL
BUSINESS SHOW

America's Efficiency Exposition

GRAND CENTRAL PALACE
NEW YORK
CITY

FEBRUARY 3 TO 8, INCLUSIVE, 1941

(Please note change from previously announced date)

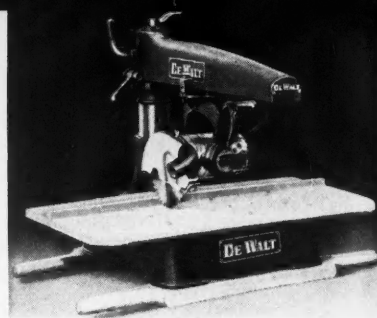
Men, money and machines are being utilized as never before to prepare this country for any eventuality.

Executives responsible for efficient and economical business administration are invited to visit this Exhibition and meet people qualified to explain and demonstrate office equipment and services ready for instant adaptation.

An unexcelled opportunity to check present equipment and see how new methods and machines are meeting demands for peak efficiency in rapidly expanding administration departments.

NATIONAL BUSINESS SHOW

Frank E. Tupper, Manager • Phone Cortlandt 7-1392
50 CHURCH STREET NEW YORK CITY



FLEXIBLE—Newest model, all purpose saw by DeWalt Products Corp., Lancaster, Pa. The cantilever arm moves vertically, swings horizontally. The yoke moves along the arm, rotates horizontally; motor in it tilts at any angle.

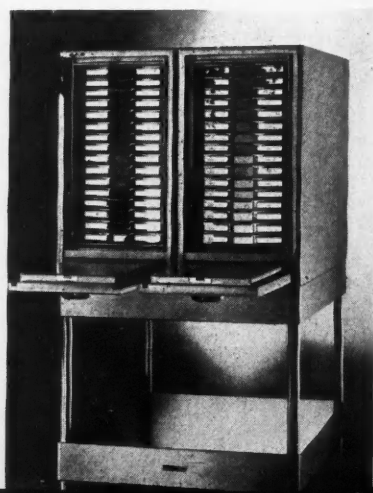
of Technology physicists have reported some success in sterilizing swimming pool water with silver, which is tasteless, instead of chlorine.

Danskammer—When navigator Henry Hudson sailed up-river past where Newburgh, New York, now stands, he passed a spot where Indians, grotesque in war paint and feathers, were whooping around a council fire. Impressed, he named the point Duyvil's Danskammer, or Devil's Dance Hall.

Today a brick works occupies the site, but old Hudson would have no reason for amending the name. In its long tunnels jetted oil flames dance on the incandescent clay and sand; on carloads of brick, which move along for three days, creeping as imperceptibly as an hour hand.

Operated by Jova Brick Works, Roseton, New York, these are believed to be the world's largest tunnel kilns for burning soft mud brick. One is 447 feet long, the other 465. Breakage is 10 per cent less than losses formerly sustained with hand fired kilns. The tunnel firing also produces a uniform quality and shade in common bricks, allowing them to be colored and used as face brick.

INSULATED—Remington Rand's new Modern Safe-Kardex "60," a visible record cabinet with fire resistive insulation in the walls.



OVER THE EDITOR'S DESK

WITH "Uncle Sam Goes to Market" (pages 8-28) there begins in this number a new series of articles by Edwin B. George. In the easy shop talk of the writing trade he might well be called an economic serialist; so many of his contemplative articles could be ended with those traditionally circulation-swelling words "to be continued."

Subjects on which Mr. George has written serially in DUN'S REVIEW include the bigness of "Big Business," the Robinson-Patman Act, the anti-trust laws, and the work of the TNEC. In the June issue we published his "Price Control by Government," an article which, phenomenon that it may have been, was not one of a series.

Before coming to work as economist for DUN & BRADSTREET, INC., Mr. George was for twelve years a trade commissioner in various foreign countries for the Bureau of Foreign and Domestic Commerce. Successively thereafter he was Chief of the Domestic Commerce Division and Executive Secretary of the Advisory Council, NRA.

Best known, probably, as recent administrator of the Wage and Hour Division of the United States Department of Labor, Elmer F. Andrews (pages 5-7) prepared himself first to be an engineer, studying at Rensselaer Polytechnic Institute, Troy, N. Y. He began work with the New York State Compensation Insurance Rating Board; then went to the compensation insurance department of the Maryland Casualty Company. About this time he passed through a brief interlude as an Army air pilot during the World War.

After the War Mr. Andrews had charge of constructing sugar warehouses and a railroad in Cuba. Successively, three railroads—the New York Central, Bangor-Aroostook, and the Seaboard Airline—employed him. The next post he held was manager of the Highways and Bridges Bureau of the Queensboro Chamber of Commerce, New York City.

In 1929 Governor Roosevelt appoint-

R E A D Y !



TO MEET ALL YOUR REQUIREMENTS
FOR ADDITIONAL STEAM CAPACITY

NOW...when time is so important

If yours is one of the many organizations now faced with the problem of acquiring additional steam generating capacity *as quickly as possible*, you will want to know that you can still get the promptest kind of service from Combustion Engineering. How much longer this condition will continue is uncertain in view of the rapidly increasing volume of business in recent weeks.

This opportunity can be utilized by plants of all sizes because the C-E line of boilers, fuel burning and related equipment is the most extensive offered by any manufacturer. It provides for every requirement of unit capacity from 1000 to over 1,000,000 lb of steam per hr.

Our ability to promise prompt service for a limited time, despite the fact that current volume is the biggest in the company's history, is the result of a large expansion and modernization program initiated three years ago. Completion of this program has virtually doubled the production capacity of our principal boiler shops.

If you are in need of more steam generating capacity, you can get quick action by 'phoning or wiring our main office or the nearest of the following district offices:

Birmingham, Boston, Charlotte, Chattanooga, Chicago, Cincinnati, Cleveland, Denver, Detroit, Hazleton, Houston, Kansas City, Los Angeles, Minneapolis, Philadelphia, Pittsburgh, Portland, St. Louis, Salt Lake City, San Francisco, Seattle, Spokane, Tacoma.

PLANTS

CHATTANOOGA* ST. LOUIS MONONGAHELA CHICAGO

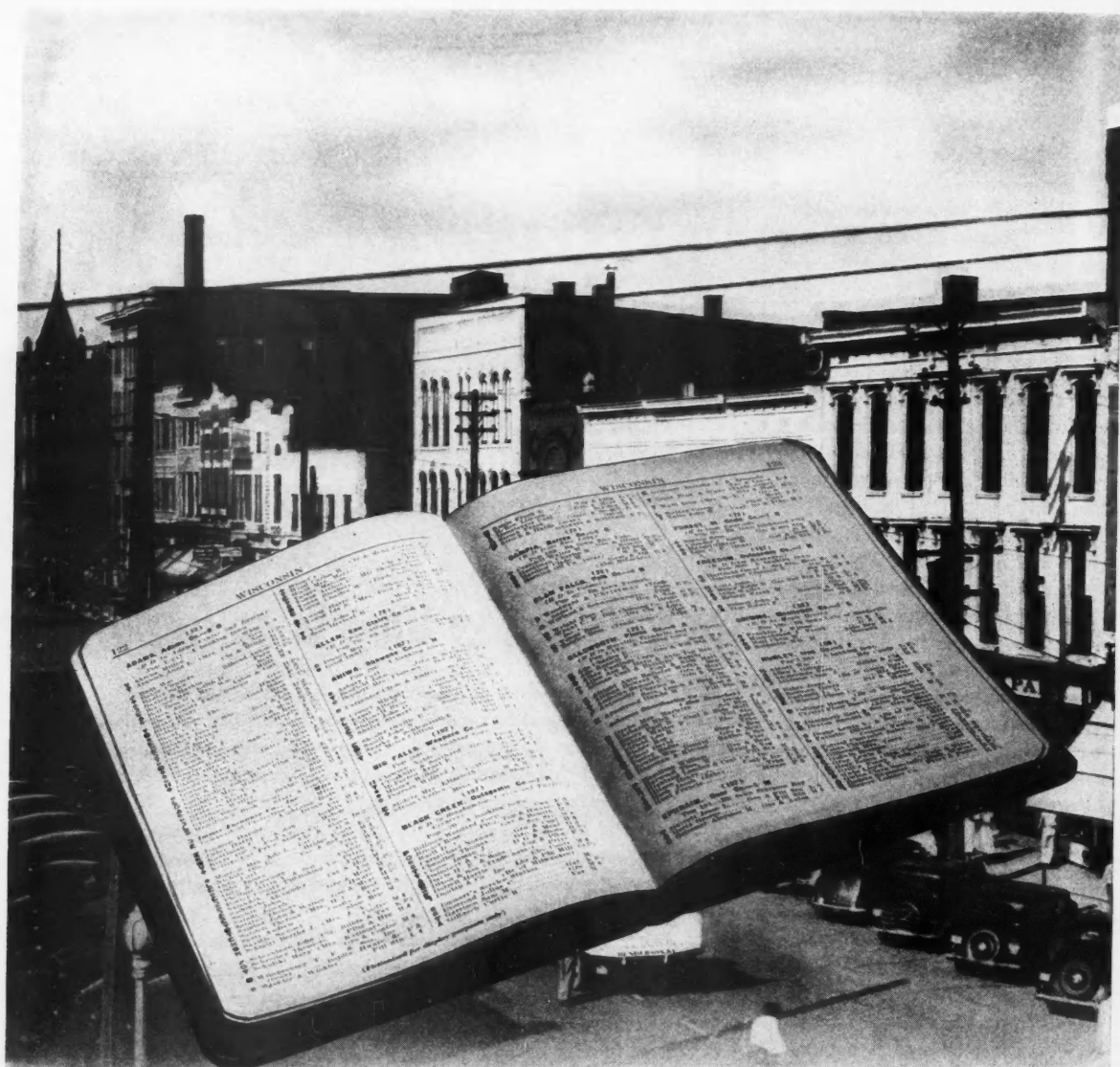
* This plant is now equipped with the world's largest hydraulic plate bending press (can cold bend boiler plate 6 in. or more thick in lengths up to 40 ft) which materially reduces the time required to form boiler drums.

COMBUSTION ENGINEERING

200 Madison Avenue, New York, N.Y.

A-528

C-E PRODUCTS INCLUDE ALL TYPES OF  BOILERS, FURNACES, PULVERIZED FUEL SYSTEMS AND STOKERS; ALSO SUPERHEATERS, ECONOMIZERS AND AIR HEATERS



SALES FACTS MADE VISUAL FOR YOUR SALESMEN

THERE IS A SHARPLY FOCUSED SALES PICTURE BACK OF THE LISTED BUSINESS NAMES IN EVERY COMMUNITY IN THE DUN & BRADSTREET POCKET EDITION. WHY NOT HELP YOUR SALESMEN TO "LOOK AHEAD" INTO THE SALES OPPORTUNITIES SHOWN IN THE NEW JULY 1940 ISSUE NOW READY.

For list of State editions and order card write nearest office of
DUN & BRADSTREET, Inc.

ed him Deputy Industrial Commissioner of New York State. In 1933 Governor Lehman named him Commissioner. He has served also as a National Labor Board Advisor in the coal regions and as Chairman of the American Delegation of Official Observers at the International Labor Conference, Geneva, Switzerland.

MANAGER of the Foreign Sales Department at DUN & BRADSTREET, INC., A. O. Stanley has for twelve years followed the course of foreign trade and equally so the volume of credit inquiries by American exporters on potential and actual foreign customers. It is the possibility of correlation between these inquiries and the actual exports which materialize that he examines in "Latin American Trade Winds—1940."

In DUN'S REVIEW for September 1938 Mr. Stanley was the author of an article on export terms of sales, payments, and sales channels.

PLANNED for next month is a study of recent trends in rural retailing. Based on an extensive survey of villages in Illinois, it offers new factual data on the effects which better roads, automobiles, the larger nearby trading centers, and chain stores and other mass distributors have had on the fortunes of country town retailers in eight different kinds of business.

DUN'S REVIEW

290 BROADWAY NEW YORK, N. Y.

SUBSCRIPTION: \$4 a year; \$10 for three years; 35 cents a copy. Outside U. S. \$5 a year.

Willard L. Thorp, Editor; Norman C. Firth, Managing Editor and Business Manager; Raymond Brennan, Edwin B. George, Walter Mitchell, Jr., A. M. Sullivan, Associate Editors; J. A. D'Andrea, Statistician; Clarence Switzer, Art Director; H. C. Daych, Advertising Manager.

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More detailed breakdowns of those statistical data originally compiled by the publishers—business failures, bank clearings, building permits, and price indexes which are summarized and interpreted each month in DUN'S REVIEW (see pages 40-43, 46)—are published monthly in DUN'S STATISTICAL REVIEW, tables only, no text, \$1 a year; \$2 outside the United States.

AUGUST 1940

GOOD BUSINESS NEWS



BALANCE SHEET SHOWS BIG CHANGE FOR BETTER

A succession of annual losses of \$150,000 or more left the **MAGNUS CORPORATION*** with depleted working capital. Inability to take discounts on purchases impaired credit and increased operating costs.

As usual, under these conditions, current financing became a worrisome problem. Regardless of possibilities ahead, this company could not obtain from its regular sources sufficient funds to finance its potential sales. The experience demonstrated one of the glaring weaknesses of their financing set-up. A system which limited borrowing mainly on the evidence of a financial statement was a handicap rather than a help.

In direct contrast, our "NON-NOTIFICATION" Open Account Plan ignores such negative evidence, and provides funds on the positive evidence of a concern's ability to sell. Since this method obviously met their needs, the **MAGNUS** executives decided to try our service.

Our first advance on receivables was made on July 12th, 1937. The following excerpts from a letter we recently received prove the amazing results when they switched to flexible financing:

**A fictitious name, but the facts and figures, taken from our records, can be certified.*

"As our balance sheet shows, we have accomplished a fine net change in our operating and financing position. Losses have been transformed into 'net profit' during the current year . . . One of our largest suppliers advises that credit in excess of one half million dollars will be extended during 1939 if needed, due to our record, since July 1937, of making payments on or before due dates . . . The use of your service frees executives from the 'shackles' usually thrown around a business by financial institutions . . . I believe this freedom from the worry of meeting short time loans would alone be worth much more than the cost of your service."

* * *

At small cost, probably less than you pay for time loans, you can have an ample, revolving fund of cash merely by obtaining self-liquidating advances against your inventories and receivables. You pay only for such amounts as you actually need—not on excess, unused or unusable borrowings. Why not investigate this plan? Write for free copies of "CAPITAL AT WORK" and "COMPARATIVE COSTS OF FINANCING." Address Dept. DR.

COMMERCIAL CREDIT COMPANY

"Non-Notification" Open Account Financing

BALTIMORE

BOSTON NEW YORK CHICAGO SAN FRANCISCO LOS ANGELES PORTLAND, ORE.

CAPITAL AND SURPLUS MORE THAN \$60,000,000



BY THEIR QUESTIONS

A GROUP of men were talking with a fellow who had a new job. Each put in his question:

"Much overtime?" "Are your offices cool?" "Any chance for new ideas?"

"Any blondes on the staff?" "How are you standing the strain?"

"Getting paid decently?" "Having any fun?"

A job can mean different things to different people, and a man is known—somewhat—by the questions he asks.

Willard L. Thorp.
E D I T O R

United States Fire Insurance Company of New York

Organized 1824

FINANCIAL STATEMENT AS OF DECEMBER 31, 1939

ASSETS

Cash in Banks and Trust Companies	\$5,633,953.58
United States Government Bonds	9,561,838.63
Other Bonds and Stocks	17,308,798.98
Mortgage Loans on Real Estate	261,672.51
Real Estate	368,217.38
Premiums in Course of Collection (Not over 90 Days)	1,131,357.81
Bills Receivable, Not Due	158,085.93
Interest Accrued	75,788.57
Other Assets	<u>45,219.69</u>
TOTAL ADMITTED ASSETS	<u>\$34,544,933.08</u>

LIABILITIES

Reserve for Unearned Premiums	\$10,217,865.04
Reserve for Losses in Process of Adjustment	1,507,397.00
Other Liabilities	761,468.39
Mortgage Reserve	50,000.00
Capital	\$2,000,000.00
Net Surplus	<u>20,008,202.65</u>
SURPLUS TO POLICYHOLDERS	<u>22,008,202.65</u>
	<u>\$34,544,933.08</u>

On the basis of December 31, 1939 Market quotations for all Bonds and Stocks owned, the total admitted assets and surplus would be increased by \$730,579.39. Securities carried at \$3,200,759.35 in the above statement are deposited as required by law.

HOME OFFICE: 110 WILLIAM STREET, NEW YORK, NEW YORK

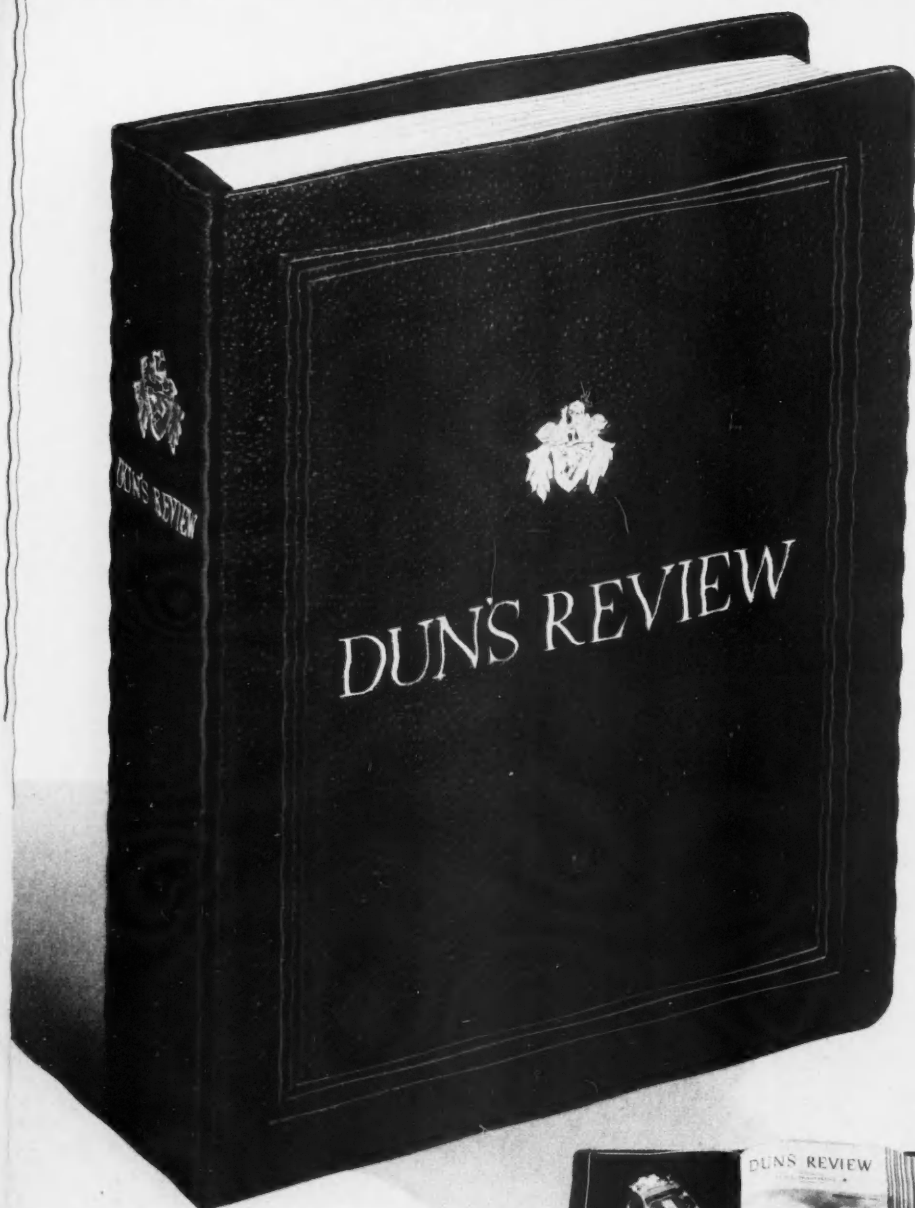
WESTERN DEPT., FREEPORT, ILL.
ALLEGHENY DEPT., PITTSBURGH

PACIFIC DEPT., SAN FRANCISCO
SOUTHERN DEPT., ATLANTA, GA.

CAROLINAS DEPT., DURHAM, N. C.



116 YEARS OF INSURING PROPERTY VALUES



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You can keep your file of Dun's Review handy and intact by the use of one of the new 12-issue binders. Binder keeps copies clean and prevents marring, misuse, and misplacement.

Copies are easy to put in or take out; easy to consult; magazines lie flat when binder is open.

Binders can be used standing up on bookshelves or lying flat on desks or reading tables. They are genuine gold-leaf die-stamped for identification on both backbone and front.

Binders are packed carefully and will be shipped anywhere in the United States at \$2.00 each, including delivery charges. Binders may be returned without obligation, if not satisfactory in every way. Address orders to Dun's Review, 290 Broadway, New York, N.Y.



A monthly Business Magazine

- summarizes the effects of current trends, developments, and legislation upon the management of business enterprises.
- reports authentic information concerning research on business forces and business problems.
- impartially presents the points-of-view of business leaders on controversial and significant business subjects.
- reviews business conditions emphasizing data of basic importance and weighing the significance of various items.

The subscription price of Dun's Review is \$4 a year; \$10 for three years. It also goes to each company using the Dun & Bradstreet services. Service subscribers may obtain additional copies of the magazine at special rates.

Outside measurements of binder, with 12 copies: 13 1/2 x 9 3/4 x 2 3/4 inches. Covers are made of 110 point red label Davey binder board, bound in a \$500 quality black du Pont levant grain Fabrikoid, lined out with heavy black paper cover stock. Covers are rounded cornered. Backbone made with 160 point red label Davey binder board, hinges are reinforced with heavy canvas. Binders are equipped with two cold rolled steel housings parkerized and covered with black DuPont canvas rivetted with special non-protruding rivets to the backbone and housing twelve .051 piano wires, 12 1/2 inches long, by means of which copies of magazine can be inserted or withdrawn individually.

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